Oudtshoorn
MUNICIPALITY

[These financial statements have not been audited]

FINANCIAL STATEMENTS

30 JUNE 2010

OUDTSHOORN MUNICIPALITY

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OUDTSHOORN MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

GENERAL INFORMATION

NATURE OF BUSINESS

Oudshoorn Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality WC045 (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Oudshoorn Municipality includes the following areas:
Oudshoorn, Dysselsdorp, De Rust, Armoed, De Hoop

MEMBERS OF THE MAYORAL COMMITTEE

Executive Mayor	D de Jager
Deputy Executive Mayor	G April
Speaker	P.Nel
Executive Councillor	JD Swigelaar
Executive Councillor	E Fortuin
Executive Councillor	V/d Westhuizen

MUNICIPAL MANAGER

MN Pietersen

CHIEF FINANCIAL OFFICER

K.J Jordaan (B.Com.AMTA)

REGISTERED OFFICE

PO Box 255
Oudshoorn
6625

Office of the Auditor General
Private Bag X1
CHEMPET
7442

PRINCIPLE BANKERS

STANDARD BANK

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants

2009 / 2010

MEMBERS OF THE OUDTSHOORN MUNICIPALITY

WARD	COUNCILLOR
1	J Olivier
2	P Nel
3	D de Jager
4	C Stemmet
5	J Harmse
6	J Coetzee
7	S Biljohn
8	N Gunguluza
9	E Ngalo
10	N Soman
11	W Kawa
12	G April
Proportional	E Fortuin
Proportional	H Lamprecht
Proportional	M May
Proportional	C Ngalo
Proportional	B Pannas
Proportional	G Phillips
Proportional	EE September
Proportional	V/d Westhuizen
Proportional	JD Swigelaar
Proportional	C Wagenaar

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 74 in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of

MN PIETERSEN	**Date**
Municipal Manager	

OUDTSHOORN MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2010

	Notes	2010 R	2009 R
NET ASSETS AND LIABILITIES			
Net Assets		**155 472 984**	**152 553 002**
Housing Development fund	**2**	1 357 709	1 357 709
Accumulated Surplus/(Deficit)		154 115 275	151 195 293
Non-Current Liabilities		**84 778 979**	**88 990 993**
Long-term Liabilities	**3**	45 200 143	52 709 761
Employee benefits	**4**	39 578 836	36 281 232
Current Liabilities		**56 073 583**	**50 849 842**
Consumer Deposits	**6**	4 538 158	4 303 921
Current Employee benefits	**7**	6 968 873	5 521 416
Trade and other payables	**9**	11 545 339	15 664 232
Unspent Conditional Government Grants and Receipts	**10**	13 005 773	13 360 918
Unspent Public Contributions	**11**	1 412 487	1 122 733
Taxes	**12**	2 051 685	5 649 364
Operating Lease Liability	**22.1**	-	122
Cash and Cash Equivalents	**23**	11 117 570	-
Current Portion of Long-term Liabilities	**3**	5 433 699	5 227 136
Total Net Assets and Liabilities		**296 325 546**	**292 393 837**
ASSETS			
Non-Current Assets		**198 990 971**	**181 238 141**
Property, Plant and Equipment	**13**	189 416 730	171 474 968
Investment Property	**14**	9 336 488	9 566 730
Intangible Assets	**15**	237 753	196 443
Current Assets		**97 334 575**	**111 155 696**
Inventory	**19**	1 740 060	2 145 094
Trade Receivables from exchange transactions	**20**	27 792 874	21 462 448
Other Receivables from non-exchange transactions	**21**	15 272 430	5 561 565
Unpaid Conditional Government Grants and Receipts	**10**	5 636 644	329 202
Operating Lease Asset	**22.2**	18 884	30 226
Current Portion of Long-term Receivables	**18**	-	23 497
Cash and Cash Equivalents	**23**	46 873 683	81 603 663
Total Assets		**296 325 546**	**292 393 837**

OUDTSHOORN MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010 (Actual) R	2009 (Restated) R	Correction of error R	2009 (Previously reported) R
REVENUE					
Revenue from Non-exchange Transactions		**106 582 702**	**105 942 292**	**5 030 162**	**100 912 130**
Taxation Revenue		**34 389 007**	**33 204 676**	**-**	**33 204 676**
Property taxes	**24**	34 389 007	33 204 676	-	33 204 676
Transfer Revenue		**62 657 625**	**68 596 353**	**4 990 419**	**63 605 934**
Government Grants and Subsidies - Capital	**25**	19 631 763	2 132 690	-	2 132 690
Government Grants and Subsidies - Operating	**25**	42 872 705	66 463 663	4 990 419	61 473 244
Public Contributions and Donations		153 157	-		
Other Revenue		**9 536 070**	**4 141 263**	**39 743**	**4 101 520**
Actuarial Gains		-	771 167	-	771 167
Third Party Payments		404 938	118 274	-	118 274
Fines		2 094 220	3 212 079		3 212 079
Stock Adjustments		2 782	39 743	39 743	-
Decrease in Debt impairment		6 729 522			
Bad Debts Recovered		304 607			
Revenue from Exchange Transactions		**159 845 604**	**148 358 404**	**5 934 895**	**142 423 509**
Property Rates - penalties imposed and collection charges		-	-	-	
Service Charges	**26**	139 262 636	122 546 594	4 750 077	117 796 517
Rental of Facilities and Equipment		1 720 791	2 485 799	602 869	1 882 930
Interest Earned - external investments		6 662 033	13 356 759	537 485	12 819 274
Interest Earned - outstanding debtors		2 364 379	2 420 123		2 420 123
Licences and Permits		-	1 841 442		1 841 442
Agency Services		3 608 123	1 302 987		1 302 987
Other Income	**27**	6 227 641	4 404 700	44 464	4 360 236
Total Revenue		**266 428 306**	**254 300 696**	**10 965 057**	**243 335 639**
EXPENDITURE					
Employee related costs	**29**	94 493 392	80 575 530	5 859 745	74 715 785
Remuneration of Councillors	**30**	5 730 796	5 304 054	-	5 304 054
Debt Impairment	**31**	1 249 964	10 184 358	(344 888)	10 529 246
Depreciation and Amortisation		17 026 206	16 062 644	432 503	15 630 141
Assets written-off		365 617			
Stock written-off		289 393			
Repairs and Maintenance		16 417 585	16 460 479	877 537	15 582 942
Actuarial losses	**4**	669 209	128 375	-	128 375
Finance Charges	**33**	6 478 724	12 266 271	(3 708 962)	15 975 233
Bulk Purchases	**34**	61 524 783	42 409 415		42 409 415
Contracted services		6 983 612	3 740 455	209 371	3 531 084
Grants and Subsidies Paid	**35**	-	365 109		365 109
Stock Adjustments		15 908	-	-	
Other Operating Grant Expenditure		9 273 960	33 383 409	-	33 383 409
Fruitless and Wasteful Expenditure		1 363 166	1 139 772		1 139 772
General Expenses	**36**	41 626 009	37 549 332	1 305 996	36 243 336
Total Expenditure		**263 508 324**	**259 569 204**	**4 631 303**	**254 937 901**
Operating Surplus for the Year		**2 919 982**	**(5 268 508)**	**6 333 754**	**(11 602 262)**
Loss on disposal of Property,Plant and Equipment/Investment Property		-			
Gain on disposal of Property, Plant & Equipment/Investment Property		-			
Fair Value Adjustments	**28**	-	-	-	-
NET SURPLUS/(DEFICIT) FOR THE YEAR		**2 919 982**	**(5 268 508)**	**6 333 754**	**(11 602 262)**

OUDTSHOORN MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2010

	Housing Development Fund	Capital Replacement Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R
2007				
Restated Balance at 30 June 2007	**2 503 701**	**5 877 022**	**123 508 187**	**131 888 910**
2008				
Net Surplus/(Deficit) for the year			11 886 787	11 886 787
Rounding			10	10
Transfer from/to Housing Development Fund	(874 021)		874 021	-
Balance at 30 June 2008	**1 629 680**	**5 877 022**	**136 269 005**	**143 775 707**
Correction of error - See Note 38.9	-	(5 877 022)	19 362 610	13 485 588
Restated Balance at 1 JULY 2008	**1 629 680**	**-**	**155 631 615**	**157 261 295**
2009				
Net Surplus/(Deficit) for the year	-	-	(5 268 508)	(5 268 508)
Transfer from/(to) Housing Development Fund	(271 971)	-	271 971	-
Balance at 30 JUNE 2009	**1 357 709**	**-**	**150 635 079**	**151 992 788**
2010				
Correction of error	-		560 214	560 214
Restated Balance at 1 JULY 2009	**1 357 709**	**-**	**151 195 293**	**152 553 002**
Net Surplus/(Deficit) for the year	-	-	2 919 982	2 919 982
Balance at 30 JUNE 2010	**1 357 709**	**-**	**154 115 275**	**155 472 984**

OUDTSHOORN MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010 R	2009 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other - Exchange Transactions		149 027 532	232 986 597
Cash receipts from ratepayers, government and other - Non-Exchange Transactions		87 114 615	
Cash payments to suppliers and employees		(242 347 411)	(234 519 062)
Cash receipts and payments on VAT transactions			
Cash generated/(absorbed) by operations	**39**	(6 205 265)	(1 882 635)
Interest Received		9 026 413	13 356 759
Interest Paid		(6 478 724)	(12 266 271)
Net Cash from Operating Activities		**(3 657 577)**	**(792 147)**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(34 996 087)	(18 337 171)
Purchase of Intangible Assets		(148 565)	(44 289)
(Increase)/Decrease in Non-current Investments		-	17 829 532
Net Cash from Investing Activities		**(35 144 652)**	**(551 928)**
CASH FLOW FROM FINANCING ACTIVITIES			
New loans raised		572 784	223384
New loans (repaid)		(7 875 839)	(23 890 439)
(Increase)/Decrease in Long-term Receivables		23 497	34 802
Increase/(Decrease) in Consumer Deposits		234 237	259 245
Rounding			(1)
Net Cash from Financing Activities		**(7 045 321)**	**(23 373 009)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(45 847 550)**	**(24 717 084)**
Cash and Cash Equivalents at the beginning of the year		81 603 663	106 320 747
Cash and Cash Equivalents at the end of the year	**40**	35 756 113	81 603 663
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(45 847 550)**	**(24 717 084)**

ACCOUNTING PRINCIPLES AND POLICIES NOTES APPLIED IN THE FINANCIAL STATEMENTS

1.1 REPORTING ENTITY

The information is disclosed as General Information (see page 1)

1.2 BASIS OF PREPARATION

1.2.1 Statement of compliance

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003). The financial statements were authorised for issue by the Municipality on 19 January 2011
.
The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

In terms of Directive 4: "Transitional Provisions for Medium and Low Capacity Municipalities" issued by the Accounting Standards Board the municipality has adopted the transitional provisions for the following GRAP Standards:

GRAP 12 – Inventories (Please refer to Note 54.5 of the notes to the financial statements);
GRAP 13 – Leases (Please refer to Note 3 of the notes to the financial statements);
GRAP 16 – Investment Property (Please refer to Note 54.3 of the notes to the financial statements);
GRAP 17 – Property, Plant and Equipment (Please refer to Note 13 of the notes to the financial statements);
GRAP 19 – Provisions, Contingent Liabilities and Contingent Assets (Please refer to Note 54.1 of the notes to the financial statements);
GRAP 100 – Non-current Assets Held for Sale and Discontinued Operations (Please refer to Note 54.2 of the notes to the financial statements);
GRAP 102 – Intangible Assets (Please refer to Note 54.4
of the notes to the financial statements).

1.2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis.

1.2.3 Functional and presentation currency

Amounts reflected in the financial statements are in South African Rand (Rand/R), which is the Municipality's functional currency. All financial information presented in Rand has been rounded to the nearest R1.

1.2.4 Changes in accounting policies

Overview

Starting as of 1 April 2009, the Municipality has changed its accounting policy in the following area:

- Accounting for revenue from non-exchange transactions.

Accounting for revenue from non-exchange transactions

As a consequence of the requirements of paragraphs 20 and 21 of Directive 5 *Determining the GRAP Reporting Framework* which note that International Financial Reporting Standards (IFRSs) should not be applied if they are in conflict with the Accounting Standard Board's (ASB's) *Framework for the Preparation and Presentation of Financial Statements* or existing Standards of GRAP or International Public Sector Accounting Standards (IPSASs), the Municipality has considered the requirements of GRAP 23 *Revenue from Non-exchange Transactions (Transfers and Taxes)* – in addition to the guidance provided in paragraphs .29-.35, .39-.54, .61(b)(iii), (vi), (viii), (ix) and .62(a) and (b) of GAMAP 9 Revenue (per paragraph .44 of GRAP 9 *Revenue from Exchange Transactions*) – in formulating an appropriate accounting policy (i.e., determining the appropriate recognition, measurement and presentation requirements to be used) to account for its grants, transfers and other non-exchange revenue.

1.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

1.4 COMPARATIVE INFORMATION

Budget information in accordance with GRAP 1, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 18	Segment Reporting
GRAP 21	Impairment of Non-cash-generating Assets
GRAP 23	Revenue from Non-Exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget Information
GRAP 25	Employee Benefits
GRAP 26	Impairment of Cash-generating Assets
GRAP 103	Heritage Assets
GRAP 104	Financial instruments

It is not expected that there will be any significant changes to the financial statements when standards have been adopted**.**

1.6 HOUSING DEVELOPMENT FUND

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from National and Provincial Government, used to finance housing selling schemes undertaken by the Municipality, were extinguished on 1 April 1998 and transferred to the Housing Development Fund. Housing selling schemes both completed and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sale of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

1.7 RESERVES

Not applicable

1.8 LEASES

1.8.1 Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease.

1.8.2 Municipality as Lessor

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

1.9 UNSPENT CONDITIONAL GRANTS

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.10 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is possible that an outflow of resource embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented.

(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

Provisions shall be reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision shall be reversed.

1.11 EMPLOYEE BENEFITS

(a) Defined benefit plans

The municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% are paid by the members. The post-retirement medical benefit plan is a defined benefit plan.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Municipality's net obligation in respect of defined benefit medical plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Municipality's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed periodically by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Municipality, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Municipality. An economic benefit is available to the Municipality if it is realisable during the life of the plan, or on settlement of the plan liabilities.

(b) Other long-term employee benefits

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the municipality. These long-service awards are other long-term employee benefits.

The Municipality's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognised in profit or loss in the period in which they arise.

(c) Short-term employee benefits

Short-term employee benefit obligations (including liabilities for leave pay) are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Municipality has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

1.12. PROPERTY, PLANT AND EQUIPMENT

1.12.1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). It the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.12.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Municipality, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in surplus or deficit as incurred."

1.12.3 Depreciation

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives

Infrastructure	Years
Electricity	**15-20**
Housing	**30**
Water	**15-20**

Sewerage	**20**
Refuse	**10**
Other	
Specialists vehicles	**5-20**
Other vehicles	**5**
Office equipment	**5**
Furniture and fittings	**5**
Plant and equipment	**3 - 20**
Bins and containers	**10**
Computer equipment	**5**
Security System	**5**
Buildings	**30**
Roads/Streets	
Other Roads	**10-20**
Community	
Recreational Facilities	**30**
Libraries	**30**

1.12.4 De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.13. INTANGIBLE ASSETS

1.13.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.13.2 Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.13.3 Amortisation

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

Intangible Assets	**Years**
Computer Software	5

1.13.4 De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.14. INVESTMENT PROPERTY

1.14.1 Initial Recognition

Investment property shall be recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

The cost of self-constructed investment property is the cost at date of completion.

1.14.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.14.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Investment Property	**Years**
Buildings	30

1.14.4 De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.15. NON-CURRENT ASSETS HELD FOR SALE

1.15.1 Initial Recognition

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

1.15.2 Subsequent Measurement

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

1.16. IMPAIRMENT OF NON-FINANCIAL ASSETS

The municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement.

1.17. INVENTORIES

1.17.1 Initial Recognition

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.17.2 Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method.

1.18. FINANCIAL INSTRUMENTS

Financial instruments recognized on the Statement of Financial Position include trade and other receivables, cash and cash equivalents, annuity loans and trade and other payables.

1.18.1 Non-derivative financial assets

The Municipality initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Municipality becomes a party to the contractual provisions of the instrument.

The Municipality derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Municipality is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Municipality has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Municipality has the following non-derivative financial assets:

- Loans and receivables; and
- Held to maturity investments

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

The Municipality's loans and receivables comprise long-term receivables, trade receivables from exchange transaction and cash and cash equivalents.

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

Where deposits remain unidentified for a period of more than twelve months, the amounts are recognised as income and restated to the relevant accounting period.

Held-to-maturity financial assets

If the Municipality has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Municipality from classifying investment securities as held-to-maturity for the current and the following two financial years.

1.18.2 Non-derivative financial liabilities

The Municipality initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Municipality becomes a party to the contractual provisions of the instrument.

The Municipality derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Municipality has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Municipality has the following non-derivative financial liabilities: loans and borrowings, consumer deposits, trade and other payables, short-term loans and bank overdrafts.

1.19. REVENUE

1.19.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Accounts are being billed monthly and is payable in monthly instalments, unless arrangements were made by the debtor to be billed annually in which case the full amount owing is payable by 30 September of the reporting period. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue from a non-exchange transaction shall be measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, a municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

1.19.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered/ goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage

Service charges from sewerage and sanitation for residential and business properties are levied monthly based on a fixed tariff.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue shall be measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue and in accordance with the relevant Standards of GRAP on Financial Instruments.
When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.20 FINANCE INCOME AND COSTS

Finance income comprises interest income on funds invested (including interest earned on cash and cash equivalents) and interest earned on trade receivables. Interest income is recognised as it accrues in surplus or deficit, using the effective interest method.

Finance costs comprise interest expense on borrowings and bank overdrafts, unwinding of the discount on provisions, impairment losses recognised on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in surplus or deficit using the effective interest method.

1.21 RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. It includes full-time councillors, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

1.22 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.23 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 200), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.24 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.25 CONTINGENT LIABILITIES

All known contingent liabilities are disclosed in the notes to the financial statements.

1.26 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the financial statements in conformity with GRAP requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments – the Municipality as lessor

The Municipality has entered into commercial property leases on its investment property portfolio. The Municipality has determined that it retains all the significant risks and rewards of ownership of these properties, and so accounts for them as operating leases.

Pension and other post-employment benefits

The cost of defined benefit pension plans and other employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of trade receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

Property, plant and equipment

The useful lives of assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Provisions and contingent liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

Held-to-maturity financial assets

Management has reviewed the held-to-maturity financial assets in the light of its capital management and liquidity requirements and has confirmed the positive intention and ability to hold those assets to maturity.

1.27 AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include fundamental errors, and the treatment of assets financed by external grants.

Total

		2010 R	2009 R
2	**NET ASSET RESERVES**		
	RESERVES	1 357 709	1 357 709
	Housing Development fund	1 357 709	1 357 709
	Total Net Asset Reserve and Liabilities	**1 357 709**	**1 357 709**

		2010 R	2009 R
3	**LONG TERM LIABILITIES**		
	Annuity Loans - At amortised cost	47 695 101	54 124 014
	Capitalised Lease Liability - At amortised cost	2 938 741	3 812 883
	Balance previously reported		2 975 887
	Correction of error - see note 38.12		836 996
		50 633 842	**57 936 897**
	Less: Current Portion transferred to Current Liabilities	**(5 433 699)**	**(5 227 136)**
	Annuity Loans - At amortised cost	(4 302 280)	(3 861 459)
	Capitalised Lease Liability - At amortised cost	(1 131 419)	(1 365 677)
	Balance previously reported		(1 108 901)
	Correction of error - see note 38.13		(256 776)
	Total Long-term Liabilities - At amortised cost using the effective interest rate method	**45 200 143**	**52 709 761**

Annuity loans at amortised cost are calculated between 10.07% and 15.67% interest rates, with the first maturity date on 31 Marchc 2014,and the last maturity date on 30 June 2027 . The schedule of contractual maturity analysis for the Loans :

	2010 R	2009 R
The obligations under annuity loans are	**Minimum annuity payments**	
Amounts payable under annuity loans		
Payable within one year	-	
Payable within two to five years	7 330 552	7 644 494
Payable after five years	40 364 549	46 479 520
	47 695 101	54 124 014
Less: Future finance obligations	-	-
Present value of annuity obligations	**47 695 101**	**54 124 014**

	2010 R	2009 R
The obligations under finance leases are scheduled below	**Minimum lease payments**	
Amounts payable under finance leases		
Payable within one year	1 423 138	1 786 315
Payable within two to five years	2 071 558	2 801 665
Payable after five years	-	-
	3 494 696	4 587 980
Less: Future finance obligations	(555 954)	(775 098)
Present value of lease obligations	**2 938 741**	**3 812 883**

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance leases.

Leases are secured by property, plant and equipment - Note 13

		2010 R	2009 R
4	**EMPLOYEE BENEFITS**		
	Post Retirement Benefits - Refer to Note 4.1	36 829 211	33 876 249
	Long Service Awards - Refer to Note 4.2	2 749 625	2 404 983
	Total Non-current Employee Benefit Liabilities	**39 578 836**	**36 281 232**

	2010 R	2009 R
Post Retirement Benefits		
Balance 1 July	35 286 177	33 353 295
Contribution for the year	(1 700 575)	(2 026 580)
Expenditure for the year	4 472 438	4 730 629
Actuarial Loss/(Gain)	290 647	(771 167)
Total post retirement benefits 30 June	**38 348 687**	**35 286 177**
Less: Transfer of Current Portion - Note 7	(1 519 476)	(1 409 928)
Balance 30 June	36 829 211	33 876 249

Long Service Awards

Balance 1 July	2 577 859	2 404 775
Contribution for the year	(551 438)	(549 334)
Expenditure for the year	567 239	594 043
Actuarial Loss/(Gain)	378 562	128 375
Total long service 30 June	**2 972 222**	**2 577 859**
Less: Transfer of Current Portion - Note 7	(222 597)	(172 876)
Balance 30 June	**2 749 625**	**2 404 983**

	2010 R	2009 R
TOTAL NON-CURRENT EMPOLYEE BENEFITS		
Balance 1 July	37 864 036	35 758 070
Contribution for the year	(2 252 013)	(2 575 914)
Expenditure for the year	5 039 677	5 324 672
Actuarial Loss/(Gain)	669 209	(642 792)
Total employee benefits 30 June	**41 320 909**	**37 864 036**
Less: Transfer of Current Portion - Note 7	(1 742 073)	(1 582 804)
Balance 30 June	**39 578 836**	**36 281 232**

4 EMPLOYEE BENEFITS (CONTINUE)

4.1 Post Retirement Benefits

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	333	333
Continuation members (e.g. Retirees, widows, orphans)	83	83
Total Members	**416**	**416**

The liability in respect of past service has been estimated to be as follows:

In-service members	14 881 789	13 693 336
Continuation members	23 466 898	21 592 841
Total Liability	**38 348 687**	**35 286 177**

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas;
LA Health
Hosmed
Samwumed; and
Keyhealth.

The Future-service Cost for the ensuing year is estimated to be R1411841, whereas the Interest- Cost for the next year is estimated to be R3455944.

Key actuarial assumptions used:	2010 %	2009 %
i) Rate of interest		
Discount rate	9.19%	9.19%
Health Care Cost Inflation Rate	7.77%	7.77%
Net Effective Discount Rate	1.32%	1.32%

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries for post -retirement. The SA 85-90 table was used by the actuaries during employment.

iii) Normal retirement age

It has been assumed that in-service members will retire at age 60, which then implicitly allows for expected rates of early and ill-health retirement.

	2010 R	2009 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	38 348 687	35 286 177
Net liability/(asset)	**38 348 687**	**35 286 177**

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).

	2010 R	2009 R
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	35 286 177	33 353 295
Total expenses	2 771 863	2 704 049
Current service cost	1 293 014	1 181 991

Interest Cost	3 179 424	3 548 638
Benefits Paid	(1 700 575)	(2 026 580)
Actuarial (gains)/losses	290 647	(771 167)
Present value of fund obligation at the end of the yea	38 348 687	35 286 177
Less: Transfer of Current Portion - Note 7	(1 519 476)	(1 409 928)
Balance 30 June	**36 829 211**	**33 876 249**

4 EMPLOYEE BENEFITS (CONTINUE)

Sensitivity Analysis on the Accrued Liability

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions	14.882	23.467	38.349	

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	1%	17.982	26.233	44.215	15%
Health care inflation	-1%	12.438	21.143	33.581	-12%
Post-retirement mortality	-1 year	15.343	24.288	39.631	3%
Average retirement age	-1 year	15.938	23.467	39.405	3%
Withdrawal Rate	-50%	16.41	23.467	39.877	4%

	2010 R	2009 R

4.2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 538 employees were eligible for Long Service Bonuses.

The Future-service Cost for the ensuing year is estimated to be R370770, whereas the Interest cost for the next year is estimated to be R261226.

Key actuarial assumptions used:	2010 %	2009 %
i) Rate of interest		
Discount rate	9.12%	9.12%
General Salary Inflation (long-term)	6.60%	6.60%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	2.37%	2.37%

	2010 R	2009 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	2 749 625	2 404 983
Net liability/(asset)	**2 749 625**	**2 404 983**

	2010 R	2009 R
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the yea	2 577 859	2 404 775
Total expenses	15 801	44 709
Current service cost	339 772	344 679
Interest Cost	227 467	249 364
Benefits Paid	(551 438)	(549 334)
Actuarial (gains)/losses	378 562	128 375
Present value of fund obligation at the end of the yea	2 972 222	2 577 859
Less: Transfer of Current Portion - Note 7	(222 597)	(172 876)
Balance 30 June	**2 749 625**	**2 404 983**

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (Rm)	% change
Central assumptions		2.972	
General salary inflation	1%	3.180	7%
General salary inflation	-1%	2.793	-6%
Average retirement age	-2 yrs	2.526	-15%
Average retirement age	2 yrs	3.418	15%
Withdrawal rates	-50%	3.507	18%

4.3 Retirement Funds

Both the Cape Joint Pension Fund and Cape Retirement Fund are multi-employer plans. This means that there are multiple local authorities that participate in these funds. In terms of IAS 19, multi-employer plans are defined as defined benefit plans. IAS 19 also state that when sufficient information is not available to use defined benefit accounting for a multi-employer plan, an entity will account for the plan as if it were a defined contribution plan

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although both the Cape Joint Pension Fund and Cape Joint Retirement Fund are defined as defined benefit plans, it will be accounted for as defined contribution plans.

CAPE JOINT PENSION FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2009 revealed that the fund is in an sound financial position with a funding level of 100% (30 June 2008 - 106.5%). Actuarial valuations also determined that there were a shortfall in the investment return for the 30 June 2009 financial year. Refer to Contingent Liabilities - note 52

Contributions paid for the year	124191	142056

CAPE RETIREMENT FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2009 revealed that the fund is in a sound financial position with a funding level of 100.3% (30 June 2008 - 103.3%).

Contributions paid for the year	9639463	8049684

5 NON-CURRENT PROVISIONS

Provision for Rehabilitation of Landfill-sites	-	-
Provision for Clearing of Alien Vegatatior	-	-
Total Non-current Employee Benefit Liabilities	**-**	**-**

Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities. Refer to Note 54.1

6 CONSUMER DEPOSITS

	2010 R	2009 R
Electricity	2 128 565	2 003 836
Water	2 410 468	2 300 085
Other	(875)	
Total Consumer Deposits	**4 538 158**	**4 303 921**
No Guarantees are held in lieu of Elecricity and Water Deposits	-	-

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

7 CURRENT EMPLOYEE BENEFITS

	2010 R	2009 R
Current Portion of Post Retirement Benefits - Note 4	1 519 476	1 409 928
Current Portion of Long-Service Provisions - Note 4	222 597	172 876
Staff Leave	4 932 042	3 938 612
Balance previously reported		3 808 690
Correction of error 2007/2008-see note 38.14		129 922
Pension	294 757	-
Total Current Employee Benefits	**6 968 873**	**5 521 416**

The movement in current employee benefits are reconciled as follows:

	2010 R	2009 R
Performance Bonuses		
Balance at beginning of year	-	179 375
Transfer to expenditure		(50 863)
Expenditure incurred	-	(128 513)
Balance at end of year	**-**	
Staff Leave		
Balance at beginning of year	3 938 612	3 275 039
Contribution to current portion	1 190 750	3 929 793
Balance previously reported		3 808 690
Correction of error 2007/2008-see note 7		121 103
Correction of error 2008/2009-see note 7		
Expenditure incurred	(197 320)	(3 275 039)
Balance at end of year	**4 932 042**	**3 929 793**

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

Pension		
Balance at beginning of year	-	-
Contribution to current portion	294 757	-
Expenditure incurred	-	-
Balance at end of year	**294 757**	**-**

Pension payment provision was made for the actual shortfall in the Cape Joint Pension Fund in terms of Rule 17(5) of the Defined Benefit Section.The amount is disputed.See also note 52

		2010 R	2009 R
8	**PROVISIONS**		
	Total Provisions	**-**	**-**

9	TRADE AND OTHER PAYABLES	2010 R	2009 R
	Trade Payables	185 447	2 025 304
	Balance previously reported		2 025 304
	Correction of error -see note 38.8		-
	Interest Accrued	-	-
	Pre-paid electricity	442 799	492 249
	Balance previously reported		-
	Correction of error -see note 38.8		492 249
	Deposits:Other	789 137	680 553
	Payments received in advance	3 019 991	2 888 405
	Sundry Creditors	7 107 964	9 577 721
	Balance previously reported		29 424 288
	Correction of error -see note 38.8		(19 846 568)
	Total Trade Payables	**11 545 339**	**15 664 232**

Payables are being paid within 30 days as prescribed by the MFMA. Payables are being recognised net of any discounts.

Sundry deposits include Hall, Builders and Housing Deposits

	Sundry creditors		
	Advance payable to KKWS		-
	Balance previously reported		18327993
	Correction of error -see note 38.8		-18327993
	Advance payable to Cango Caves		36 463
	Balance previously reported		1 958 982
	Correction of error -see note 38.8		(1 922 519)
	Other sundry	7 107 964	9 256 263
	Balance previously reported		9 137 313
	Correction of error -see note 38.8		118 950
	Total	7 107 964	9 292 726

10	UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS	2010 R	2009 R
	Unspent Grants	13 005 772	13 360 918
	National and Provincial Government Grants	13 005 772	13 360 918
	Balance previously reported		16 931 871
	Correction of error -see note 38.2 and 38.5		(3 570 953)
	Other Sources	-	-
	Less: Unpaid Grants	5 636 644	329 202
	National and Provincial Government Grants	5 636 644	329 202
	Other Sources	-	-
	Total Conditional Grants and Receipts	**7 369 128**	**13 031 716**

See appendix "F" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld

11	UNSPENT PUBLIC CONTRIBUTIONS		
	Tuiniqua Consulting Engineers	111 200	111 200
	Alpha aan den Rijn	257 912	
	Klein Karoo Agri	60 000	
	National Lottery	784 291	784 290
	Donation N.A. Smit	117 303	117 303
	Umsobombo Youth Fund	81 782	109 940
	Total Unspent Public Contributions	1 412 488	1 122 733

Reconciliation of public contributions

	Opening balance	1 122 733	1 122 733
	Balance previously reported		-
	Correction of error -see note 38.2 and 38.5		1 122 733
	Contributions received	442 912	-
	Conditions met - Transferred to revenue	(153 157)	-
	Closing balance	1 412 488	1 122 733

12	TAXES	2010 R	2009 R
	VAT Payable	2 051 685	5 649 364
	Balance previously reported		5 801 145
	Correction of Error. Refer note 38.8.1		(151 781)
	VAT Receivable	-	
		2 051 685	5 649 364

VAT is payable/receivable on the cash basis

		2010 R	2009 R
13	**PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**		
	Fully Depreciated assets still in use were as follows:		
	Cost	**57 963 082**	**-**
	Land and Buildings	1 479 659	-
	Infrastructure	42 895 873	-
	Community Assets	442 363	-
	Lease Assets	541 800	-
	Heritage	-	-
	Other	12 603 387	-
	Accumulated depreciation	**-**	**-**
	Land and Buildings	1 479 659	-
	Infrastructure	42 895 873	-
	Community Assets	442 363	-
	Lease Assets	541 800	-
	Heritage	-	-
	Other	12 603 387	-
	Carrying value	**57 963 082**	**-**

Assets pledged as security:

No assets are pledged as security for loans raised according to loan contracts.No idle,temporaley idle PPE are being held at the reporting date

14	**INVESTMENT PROPERTY**		
	Net Carrying amount at 1 July	**9 566 730**	**-**
	Cost	11 939 170	-
	Balance previously reported		-
	Correction of error. Refer to note 38.7		
	Accumulated Depreciation	(2 372 440)	-
	Acquisitions	-	-
	Balance previously reported		-
	Correction of error. Refer to note 38.7		-
	Disposals	-	-
	Depreciation for the year	-	-
	Impairment	(230 242)	-
	Transfers from Inventory	-	-
	Transfers from Property, Plant and equipment	-	9 566 730
	Balance previously reported		-
	Correction of error- see note 38.7		9 566 730
	Net Carrying amount at 30 June	**9 336 488**	**9 566 730**
	Cost	11 939 170	11 939 170
	Accumulated Depreciation	(2 602 682)	(2 372 440)

Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities. Refer to Note 54.3

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

15	**INTANGIBLE ASSETS**		
	Computer Software		
	Net Carrying amount at 1 July	**196 443**	**271 650**
	Cost	2 508 160	2 463 870
	Accumulated Amortisation	(2 311 717)	(2 192 220)
	Acquisitions	148 565	44 289
	Disposals	(43 210)	-
	Impairments	-	-
	Amortisation	(64 044)	(119 497)
	Net Carrying amount at 30 June	**237 754**	**196 443**
	Cost	2 613 515	2 508 160
	Accumulated Amortisation	(2 375 761)	(2 311 717)

Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities. Refer to Note 54.4

Only computer software is considered as Intangeable Assetswith a finite usefull live of 5 year
There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

There are no contractual commitments for the acquisition of intangible assets.

		2010 R	2009 R
16	**NON-CURRENT INVESTMENTS**	-	-
18	**LONG TERM RECEIVABLES**		
	Staff car loans - At amortised cost	-	23 497
		-	23 497
	Less: Current portion transferred to current receivables	-	(23 497)
	Staff car loans - At amortised cost	-	(23 497)
		-	-
	Less: Provision for Impairment of Long Term Receivables	-	
	Total Long Term Receivables	-	-

		2010 R	2009 R
19	**INVENTORY**		
	Consumable Stores-Stationery and materials-at cost	1 554 501	1 946 410
	Previously reported		1 477 012
	Correction of error -see note 38.11		469 398
	Stock - shop Cango Caves - at cost	19 797	17 015
	Water – at cost	165 762	181 670
	Previously reported		-
	Correction of error -see note 38.11		181 670
	Total Inventory	**1 740 060**	**2 145 094**

Consumable stores materials written down due to losses as identified during the annual stores counts.	**289 392**	**-**
Consumable stores materials surplusses identified during the annual stores counts.	**469 397**	**-**
Inventory recognised as an expense during the yea	**102 517**	**-**

Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities. Refer to Note 54.5

Since the previous reporting date water stock was measured in accordance with GRAP 12 and restated retrospectively:

		2010 R	2009 R
20	**TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS**		
	Service Receivables		
	Electricity	9 260 958	8 839 321
	Water	8 306 355	14 871 811
	Refuse	10 276 264	11 927 431
	Klein Karoo Water Scheme	3 288 983	3 219 741
	Balance previously reported		-
	Correction of error -see note 38.10		3 219 741
	Sewerage	11 832 438	13 012 304
	Payments recieved in advance	2 816 270	2 439 633
	Housing rentals	1 116	4 172
	Other	5 154 551	5 160 967
	Balance previously reported		3 077 492
	Correction of error -see note 38.10		2 083 475
	Total Service Receivables	**50 936 935**	**59 475 380**
	Less: Allowance for Doubtful Debts	**(23 144 061)**	**(38 012 932)**
	Balance previously reported		(36 828 804)
	Correction of error -see note 38.10		(1 184 128)
	Net Service Receivables	**27 792 874**	**21 462 448**
	Ageing of Receivables from Exchange Transactions		
	(Electricity): Ageing		
	Current (0 - 30 days)	6 699 312	5 030 117
	31 - 60 Days	325 648	1 455 783
	61 - 90 Days	262 032	361 633
	+ 90 Days	1 973 966	2 101 285
	Total	**9 260 958**	**8 948 818**
	(Water): Ageing		
	Current (0 - 30 days)	1 036 721	1 466 861
	31 - 60 Days	525 450	839 843
	61 - 90 Days	519 837	826 441
	+ 90 Days	6 224 348	12 550 043
	Total	**8 306 355**	**15 683 188**
	(Refuse): Ageing		
	Current (0 - 30 days)	641 519	206 048
	31 - 60 Days	194 041	62 149
	61 - 90 Days	262 607	67 070
	+ 90 Days	9 178 097	11 660 419
	Total	**10 276 264**	**11 995 686**
	(Klein Karoo Water Scheme) : Ageing		
	Current (0 - 30 days)	442 799	261 311
	31 - 60 Days	147 162	189 367
	61 - 90 Days	82 343	739 295
	+ 90 Days	2 616 678	2 029 768
		3 288 983	3 219 741
	(Sewerage): Ageing		
	Current (0 - 30 days)	909 290	389 138
	31 - 60 Days	262 762	99 266
	61 - 90 Days	296 936	100 866
	+ 90 Days	10 363 450	13 024 808
	Total	**11 832 438**	**13 614 078**

Concentrations of credit risk with respect to trade recieveables are limited due to the large number o customers.Historical experience in collection falls within recorded allowances. Due to these factor managment believes that no additional risk beyond amounts provided for collection losses is applicable

21 TRADE AND OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2010 R	2009 R
Service Receivables		
Rates	13 225 940	14 909 782
Other Receivables	6 997 354	1 788 840
Balance previously reported		11 884 108
Correction of error -see note 38.3		(10 095 268)
Amounts recieved in advance	203 721	448 772
Grants receivable		
Total Receivables	**20 427 015**	**17 147 393**
Less: Allowance for Doubtful Debts	(5 154 586)	(11 585 828)
Net Service Receivables	**15 272 430**	**5 561 565**
Total Net Receivables from Non-Exchange Transactions	**15 272 430**	**5 561 565**

Ageing of Receivables from Non-Exchange Transactions

(Rates): Ageing

Current (0 - 30 days)	2 374 890	1 403 672
31 - 60 Days	403 463	135 946
61 - 90 Days	364 001	128 865
+ 90 Days	10 083 585	13 746 307
Total	**13 225 940**	**15 414 790**

Summary of Receivables by Customer Classification	**Residential, Industrial & Commercial R's**	**National and Provincial Government R's**		**Total R's**
2010				
Total Receivables	63 911 044	7 452 906		71 363 950
Less: Provision for doubtful debts	(27 650 468)	(648 178)		(28 298 646)
Total Recoverable debtors by customer classification	**36 260 576**	**6 804 728**		**43 065 304**

The ageing of amounts past due but not impaired is as follows:	**Exchange Transactions R's**	**Non-Exchange Transactions R's**	**Total R's**
2010			
1 month past due	2 080 152	567 427	2 647 579
2 + months past due	11 894 416	5 696 224	17 590 640
Total	**13 974 568**	**6 263 651**	**20 238 219**

All Non-Government debtors were either specifically impaired or subject to collective impairment

Trade and other receivables impaired

2010

	Exchange Transactions R's	**Non-Exchange Transactions R's**	**Total R's**
Total	**(23 144 061)**	**(5 154 586)**	**(28 298 646)**

Debts are required to be settled after 30 days, interest is charged after this date at prime %
The fair value of trade and other receivables approximates their carrying amounts

Reconciliation of the Total doubtful debt provision	**2010 R**	**2009 R**
Balance at beginning of the year	49 598 760	42 295 964
Contributions to provision	(5 479 559)	10 529 246
Doubtful debts written off against provision	(15 820 555)	(3 226 450)
Balance at end of year	**28 298 646**	**49 598 760**

In determining the recoverability of a trade receivable, the Municipality considers any change in the credit quality of the trade receivable from the date the credit was initially granted, up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, management believes no further credit provisions are required in excess of the present allowance for doubtful debts.

		2010 R	**2009 R**
22	**OPERATING LEASE ARRANGEMENTS**		
22.1	**The Municipality as Lessee**		

Balance on 1 July	122	3 229
	122	3 229
Movement during the year	(122)	(3 107)
Balance on 30 June	**-**	**122**

Oudtshoorn Municipality leasing two buildings with leasing periods of 3 and 5 years , with annual escalation of 8% and 10% respectively

At the Statement of Financial Position date, where the municipality acts as a lessee under operating leases, it will pay operating lease expenditure as follows

Up to 1 Year		732
1 to 5 Years	-	
More than 5 Years	-	-
Total Operating Lease Arrangements	**-**	**732**

22.2 The Municipality as Lessor

Balance on 1 July	30 226	35 786
Balance on 1 July	30 226	35 786
Operating Lease Asset for the current year	(11 342)	(5 560)
Balance on 30 June	18 884	30 226

Oudtshoorn Municipality leasing a number of land and some buildings to 35 different lessors for periods ranging between 5 and 10 years with annual escalations between 6 and 10 % respectively.

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows

	2010 R	**2009 R**
Up to 1 Year	208 897	213 351
1 to 5 Years	94 839	302 777
More than 5 Years		959
Total Operating Lease Arrangements	**303 736**	**517 087**

This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.

The leases are in respect of land and buildings being leased out for pervious ranging until 201

23 CASH AND CASH EQUIVALENTS

	2010 R	**2009 R**
Assets		
Call Investments Deposits	46 863 149	68 868 632
Bank Account		12 725 897
Balance previously reported		10 720 148
Correction of error -see note 38.4		2 005 749
Cash Floats	10 534	9 134
Total Cash and Cash Equivalents - Assets	**46 873 683**	**81 603 663**

	2010 R	**2009 R**
Liabilities		
Primary Bank Account	11 117 570	
Total Cash and Cash Equivalents - Liabilities	**11 117 570**	**-**

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

Call Investments Deposits to an amount of R13005773 is held to fund the Unspent Conditional Grants (2009 R13360918).

Bank overdraft of R60341 exists at Standard Bank and Standard Bank also has three guarantees,of R409100 in the name of the beneficiary, Eskom, R848836.81 in the name of Coetzee v/d Berg Attorneys and R200000 for AFS.

The municipality has the following bank accounts:

	2010 R	**2009 R**
Current Accounts		
Cash book balance beginning of the year	12 725 897	(10 862 862)
Cash book balance end of the year	(11 117 570)	12 725 897
Bank statement Standard Bank George - Account Number 082796068 (Primary Bank Account):	6 874 887	3 698 887
Bank statement Standard Bank George - Account Number 082795754 (Primary Bank Account):	1 806 503	571 152
Bank statement Standard Bank George - Account Number 082796181	-	100
Bank statement Standard Bank George - Account Number 082797331(KKWS)	(60 341)	2 829 068
Bank statement Standard Bank George - Account Number 082795428 (Traffic Account)	172 768	6 192 089
	8 793 817	**13 291 296**

Bank statement Standard Bank George - Account Number 082796068 (Primary Bank Account)		
Bank statement balance at beginning of year	3 698 887	(364 554)
Bank statement balance at end of year	6 874 887	3 698 887
Bank statement Standard Bank George - Account Number 082795428 (Traffic Account)		
Bank statement balance at beginning of year	6 192 089	3 413 923
Bank statement balance at end of year	172 768	6 192 089
Standard Bank George - Account Number 082796181 (Primary Bank Account)		
Bank statement balance at beginning of year	100	(1 318)
Bank statement balance at end of year	-	100

Bank statement Standard Bank George - Account Number 082795754 (Primary Bank Account)		
Bank statement balance at beginning of year	571 152	52 676
Bank statement balance at end of year	1 806 503	571 152
Bank statement Standard Bank George - Account Number 082797331(KKWS,		
Bank statement balance at beginning of year	2 829 068	5 772 142
Bank statement balance at end of year	(60 341)	2 829 068
Call Investment Deposits		
Call investment deposits consist out of the following accounts:	6 805 583	6 340 648
Nedbank Account nr 03/7881001143/083/089	5 574 044	5 194 903
Nedbank Account nr 03/7881001144/083/090	5 818 977	5 434 522
Nedbank Account nr 03/7881001143/085/090		1 568 337
Absa Account nr 92-0734130		2 041 918
Absa Account nr 92-07035667		1 373 713
Absa Account nr 92-08336474	740 172	684 742
Absa Account nr 20-6768-1100		9 146 035
Absa Account nr 92-0560543		17 538 567
ENB Account nr 53239000002	1 000 000	3 842 213
Standard Account nr 08874543007	7 441 173	6 968 153
Standard Account nr 488731232002/005		4 949 139
Standard Account nr 488731232002/006	146 520	2 989 808
Standard Account nr 08874543008	609 100	609 100
Standard Account nr 488731232001		186 835
Standard Account nr 180686682		
ENB Account nr 00675290 Money Marke	5 214 852	
ENB Account nr 00675290 Income Plus	13 512 728	
	46 863 149	68 868 632

		2010 R	2009 R
24	**PROPERTY RATES**		
	Actual		
	Rateable Land and Buildings	35 311 213	34 646 156
	Residential, Commercial Property, State	35 311 213	34 646 156
	Less: Rebates	(922 206)	(1 441 480)
	Total Assessment Rates	**34 389 007**	**33 204 676**

	2010 R	2009 R
Valuations - 1 JULY 2009		
Rateable Land and Buildings	6 265 795 790	6 237 901 260
Residential	3 733 357 095	3 708 757 995
Business & Commercial	808 383 340	809 526 340
Churches	210 593 150	210 509 150
State-owned	602 864 700	602 667 700
Agricultural	767 651 505	763 754 075
Pensioners	12 949 000	12 919 000
Other	129 997 000	129 767 000
Total Assessment Rates	**6 265 795 790**	**6 237 901 260**

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2008.Interim valuations are processed on a annual basis to include changes to valuations.Rebates were granted on land with buildings used solely for dwellings purposes as follows: Residential - The first R15 000 on the valuation is exempted and qualifing indigent households are exempted with an addisional R55000.

Agriculture 12.25% of the residential rate

Rates are levied monthly and are payable by the 10th of the following month. Interest is levied at the prime rate on outstanding monthly rates.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

		2010 R	2009 R
25	**GOVERNMENT GRANTS AND SUBSIDIES**		
	Unconditional Grants	**28 293 613**	**22 583 315**
	Equitable Share - Refer to Note 25.1	28 293 613	22 583 315
	Conditional Grants	**34 210 855**	**46 013 038**
		34 210 855	46 013 038
	Total Government Grants and Subsidies	**62 504 468**	**68 596 353**
	Government Grants and Subsidies - Capita	19 631 763	2 132 690
	Government Grants and Subsidies - Operating	42 872 705	66 483 663
		62 504 468	68 616 353

The municipality does not expect any significant changes to the level of grants

25.1 Equitable share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive 6kl free water and 70kwh free electricity,free sanitation and sewerage and extra rates rebate on R45000 valuation, per month, which is funded from this

All registered indigents receive a monthly subsidy as per approved budget, funded from this grant. Indigent subsidies is based on the cost of free basic services of R211.14 per month (2009: R190.55 pm).

(See Appendix "F" for a reconciliation of all grants).

		2010 R	2009 R
26	**SERVICE CHARGES**		
	Electricity	92 977 785	76 268 937
	Service Charges	95 753 115	76 336 478
	Less: Rebates	(2 775 330)	(67 541)
	Water	23 266 868	23 417 351
	Service Charges	24 844 801	23 451 867
	Less: Rebates	(1 577 933)	(34 516)
	Water Klein Karoo Rural Scheme		
	Service Charges	4 898 379	4 750 077
	Previously reported		
	Correction of error- see note 38.15		4 750 077
	Refuse removal	5 976 433	5 867 739
	Service Charges	7 989 117	7 503 410
	Less: Rebates	(2 012 684)	(1 635 671)
	Sewerage and Sanitation Charges	12 143 172	12 242 490
	Service Charges	14 264 470	13 930 580
	Less: Rebates	(2 121 298)	(1 688 090)
	Other Service Charges	-	-
	Total Service Charges	**139 262 637**	**122 546 594**

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

		2010 R	2009 R
27	**OTHER INCOME**		
	Admin Fees	1 703 133	1 303 099
	Buildingplan Fees		3 690
	Parking Fees	63 159	83 749
	Cemetries	393 447	417 328
	Private telephone calls		22 355
	Water sundries	87 039	
	Traffic	251 709	
	Electricity sundries	937 105	
	Cango Mountain Resort	1 600 981	
	Airport landings	5 255	
	Sportgrounds and swimmingpools	132 428	
	Townplanning	250 086	
	Infrastructure levies	89 286	
	Libraries	83 981	
	Photostates and faxes	4 332	
	Surplus cash	6 939	
	Valuation sertificates	8 475	
	Rezoning Fees	9 798	23 475
	Sundries	600 488	2 551 004
	Previously reported		2 506 540
	Correction of error-see note 38.15		44 464
	Total Other Income	**6 227 641**	**4 404 700**

28 FAIR VALUE ADJUSTMENTS

Unamortised Discount - Interest	-	-
Biological Assets	-	-
	-	-

		2010 R	2009 R
29	**EMPLOYEE RELATED COSTS**		
	Salaries and Wages	58 091 425	48 177 423
	Previously reported		46 115 681
	Correction of error -see note 38.15		2 061 742
	Contributions to UIF	547 821	630 152
	Contributions to Pensior	9 193 677	7 281 575
	Contributions to Medical Aic	4 489 574	3 671 965
	Contributions to Group Insurance	1 015 571	587 593
	Travelling Allowance	2 787 756	1 476 576
	Telephone Allowance	22 828	753 643
	Standby Allowance	926 806	831 511
	Housing Benifits and Allowance	932 043	1 382 962
	Acting Allowance	968 034	61 203
	Other Allowance	317 972	405 587
	Bargaining Allowance	26 318	22 689
	Overtime payments	3 761 608	3 116 752
	Bonuses	4 086 123	3 361 791
	Leave payments	1 190 750	819 274
	Shift Allowance	65 344	
	Temporary Personnel	352 507	1 153 207
	Workmens Compensation	-	976 182
	Skills Development	677 558	537 847
	Contribution to Long Service awards	567 239	596 969
	Previously reported		347 605
	Correction of error-see note 38.15		249 364
	Contribution to Post Employment Medical	4 472 438	4 730 629
	Previously reported		1 181 991
	Correction of error-see note 38.15		3 548 638
	Less : Employment Costs allocated elsewhere		
	Total Employee related cost	94 493 392	80 575 530

KEY MANAGEMENT PERSONNEL

Key managment personnel are all appointed on fixed term contracts in terms of section 56 and 57 of the Municipal Systems Act.There are no termination benifits payable when the contracts lapsed. There are also no post-employment benefits payable to them at the end of the contract period.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Remuneration of the Municipal Manager July-Febr-2008/09		
Remuneration of the Municipal Manager (Temporary appointment) July-March-2009/10		
Annual Remuneration	428 091	481 635
Car Allowance	97 245	80 000
Bonus		82 500
Directors allowance		42 490
Telephone allowance	6 750	
Contributions to UIF, Medical and Pension Funds	1 123	998
Leave	13 636	
Travelling Allowance	36 411	18 804
Total	**583 256**	**706 427**
Remuneration of the Director Infrastructure		
Annual Remuneration	300 989	268 932
Car Allowance	130 693	130 693
Bonuses	24 765	53 823
Housing Subsidy	6 224	8 754
Travelling Allowance	12 564	11 832
Telephone allowance	9 600	9 600
Acting allowance	309 654	94 917
Contributions to UIF, Medical and Pension Funds	77 724	69 817
The Director Infrastructure is in an acting capacity		
Total	**872 212**	**648 367**
Remuneration of the Director Corporate Services		
Annual Remuneration	602 306	539 189
Bonuses		47 917
Car Allowance	120 000	108 000
Travelling and subsistence	14 236	22 173
Contributions to UIF, Medical and Pension Funds	79 754	69 747
Acting allowance		70 222
Directors allowance		26 606
Total	**816 297**	**883 853**
Remuneration of the Director Community Services (April- June)		
Vacant 2008/209		
Annual Remuneration	143 412	
Car Allowance	15 000	
Contributions to UIF, Medical and Pension Funds	56 907	
Total	**215 319**	

Remuneration of the Director Financial Services (Jan- June)
Vacant 2008/2009 (Duty was performed by Eden District Council)

Annual Remuneratior	300 589	
Car Allowance	25 200	
Contributions to UIF, Medical and Pension Funds	65 113	-
Total	**390 901**	

		2010 R	2009 R
30	**REMUNERATION OF COUNCILLORS**		
	Mayor	589 256	534 683
	Councillors	5 141 540	4 769 371
	Total Councillors' Remuneration	**5 730 796**	**5 304 054**

In-kind Benefits

The Executive Mayor, Deputy Executive Mayor, Speaker and three mayoral committee members are full-time. They are provided with secretarial support and an office each at the cost of the Council.

31	**DEBT IMPAIRMENT**		
		1 249 964	10 184 358
	Previously reported		10 529 246
	Correction of error - see note 38.15		(344 888)
	Total Contribution to Impairment Provision	**1 249 964**	**10 184 358**

		2010 R	2009 R
32	**IMPAIRMENTS**		
	Property Plant & Equipment	-	
		-	-
33	**FINANCE CHARGES**		
	Long-term Liabilities	5 261 490	10 775 936
	Finance leases	404 134	1 490 335
	Previously reported		1 401 295
	Correction of error-see note 38.15		89 040
	Other	813 100	-
	Previously reported		3 798 002
	Correction of error-see note 38.15		(3 798 002)
	Total finance charges	**6 478 724**	**12 266 271**
34	**BULK PURCHASES**		
	Electricity	58 097 873	41 014 997
	Water	3 426 910	1 394 418
	Total Bulk Purchases	**61 524 783**	**42 409 415**
35	**GRANTS AND SUBSIDIES**		
	Indigent Subsidies	-	
	Total Grants and Subsidies	**-**	**-**

		2010 R	2009 R
36	**GENERAL EXPENSES**		
		41 626 009	37 549 332
	Previously reported		36 243 336
	Corrections of error-see note 38.15		1 305 996
	General Expenses	**41 626 009**	**37 549 332**

General expenses contains administrative and technical expenses otherwise not provided for in the line-items of the Statement of Financial performance. This include items such as telecommunications, travelling, legal fees, auditing fees and consulting fees.(See Appendix G for detail)

		2 009 R	2 008 R
37	**CHANGE IN ACCOUNTING POLICY IN TERMS OF GRAP 3**		

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality accounted for under the Institute of Municipal Finance Officers (IMFO) Accountants arising from the implementation of General Recognised Accounting Practice (GRAP):

		-	-

		2 009	2 008 R
38	**CORRECTION OF ERROR IN TERMS OF GRAP 3**		

Prior year adjustments due to non-complaince with Accounting Policy and errors

38.1 Directive 4: "Transitional Provisions for Medium and Low Capacity Municipalities"

In terms of Directive 4: "Transitional Provisions for Medium and Low Capacity Municipalities" issued by the Accounting Standards Board the municipality has transitional provisions for the following GRAP Standards:

GRAP 12 – Inventories
GRAP 16 – Investment Property
GRAP 17 – Property, Plant and Equipmen

GRAP 19 – Provisions, Contingent Liabilities and Contingent Asset
GRAP 100 – Non-current Assets Held for Sale and Discontinued Operation
GRAP 102 – Intangible Assets

Where provisions were not adopted in prior years and are now adopted for periods ending on and after
30 June 2009 , corrections are made.

The Klein Karoo Rural Waterscheme (KKWS) was previously treated as a joint venture (JV), with Kannaland Municipality
The previous years Financial Statements of the JV, were prepaired and submitted as a separate entity
However, the previous Financial Statements of the JV, were not audited due to uncertainty by the Auditor - General of the legal status of the KKW
During the 2008/2009 audit , it was agreed by the Auditor General and the municipality that the complete management of the KKWS would b
performed by Oudtshoorn Municipality and that a service delivery agreement with Kannaland Municipality must be establishe
Further it was prescribed by the audit general that the KKWS must be treated as an inclusive department of Oudtshoorn Municipality
Thus with the preparation of the 2009/2010 Financial Statements, the KKWS is included as a department of the Municipality, and the balance
as at 30 June 2008 were used as the take on balances and are the restatements retrospectively done as prescribed in terms of GRAP 1
Due to the fact that the total conversion from IMTA to the GRAP format was done with the 2007/2008 financial statements,it is considered impracti
in terms of GRAP 3 to apply retrospective restatements beyond 2007/200

38.2 Unspent conditional grants and receipts

Balance previously reported	-3 698 708	
Correction of error transferd to unspent public contr. - see note 38.5	-1 122 733	
Correction of error transferd from trade payables - see also note 38.8	3 786	
Correction of error Audit Finding 2008/9 transferd to Trade Recievables - see note 38.10	1 246 702	
Correction of error.Employee cost -(see note 38.15)		-293 012
Correction of error - Flood Damage duplicated -(see note 38.9)		-3 405 697
Total	**-3 570 953**	**-3 698 708**

38.3 Other Receivables from non-exchange transactions

Balance previously reported		
KKWS Take on balance 2007/2008-see note 21		187 783
Correction of error Cango Caves advance written of - see notes 38.9 and 21		-10 283 051
Total	**0**	**-10 095 268**

38.4 Cash and cash equivalents

Balance previously reported	5 410 794	
KKWS Take on balance 2007/2008-see note 23		5 410 794
KKWS Take on balance 2008/2009-see note 23	-3 026 805	
Correction of error.Restatement of previous year end balance	-378 240	
Total	**2 005 749**	**5 410 794**

38.5 Unspent Public Contributions

Balance previously reported	0	
Correction of error transfer from unspent goverment grants - see note 38.2,10 and 11	1 122 733	
		0
Total	**1 122 733**	**0**

38.6 Property, Plant and Equipment

Balance previously reported	840 818	
KKWS Take on balance 2007/2008-see note 13		840 818
KKWS Take on balance 2008/2009-see note 13	326 171	
Correction of error - Lease assets -(see also note 38.13 and 38.15)	213 500	
Correction of error - Creditors Umvoto borehole -(see also note 38.8)	161 858	
Correction of error-Creditors FC Holm argitects -(see also note 38.8.1 and 38.8)	19 924	
Correction of error-Creditors Adcorp Talent cemetry De Rust -(see also note 38.8.1 and 38.8)	31 188	
Correction of error-Creditors and Tax De Rust cemetry - (see also note 38.8.1 and 38.8)	-4 872	
Correction of error-Acc Surplus ,Acc Depreciation -(see also note 38.15)	-80 603	
Correction of error - Investment Properties transfer - see also note 13 note 14 and 38.7	-9 566 730	
Total	**-8 058 746**	**840 818**

38.7 Investment Property

Balance previously reported		0
Correction of error- Retrospective transfer of PPE - see also note 14 and 38.6	9 566 730	
Total	**9 566 730**	**0**

38.8 Trade Payables

Balance previously reported	**-12 374 319**	
KKWS Take on balance 2007/2008-see note 9		59 033
KKWS Take on balance 2008/2009-see note 9	72 078	
KKWS Take on balance 2007/2008-see note 9		-11 726 880
KKWS Take on balance 2008/2009-see note 9	-6 601 112	
Correction of error -transfer to unspent goverment grants-see note 38.2	-3 786	
Correction of error . Retrospective payment of rental Cango Caves - (see also note 38.8.1 and 38.15)	-984 705	-937 814
Correction of error. Creditor incorrectly allocated -(see also note 38.15)	-417 211	
Correction of error. Retrospective provision for pre paid electricty paid in advance-(see also note 38.15)	260 907	231 342
Correction of error. Writting back of creditors KKWS -(see also note 38.9)	-36 040	
Correction of error. PAYE incorrectly paid-(see also note 38.9)	444 876	
Correction of error - Assets correction -(see also note 38.6)	161 858	
Correction of error - Assets and Tax -(see also note 38.6 and 38.8.1)	31 188	
Correction of error - Acc Surplus and Tax - see also note 38.8.1 and 38.9	-26 951	

	Correction of error - Assets and Tax -(see also note 38.6 and 38.8.1)	-5 554	
	Correction of error - Acc Surplus and Tax of KKWS -(see also note 38.8.1 and 38.15)	32 000	
	Correction of error - Acc Surplus and Tax -(see also note 38.15 and 38.8.1)	92 452	
	Total	**-19 354 319**	**-12 374 319**
38.8.1	**Taxes**		
	Balance previously reported	72 526	
	KKWS Take on balance 2007/2008-see note 12		-42 644
	KKWS Take on balance 2008/2009-see note 12	-370 195	
	Correction of error. Retrospective payment of rental (-see also note 38.8 and 38.15)	120 929	115 170
	Correction of error - Creditors -see also note 38.8 and 38.9	5 757	
	Correction of error - Creditors and Assets -(see also note 38.9 and 38.8)	682	
	Correction of error - Creditors and Acc Surplus of KKWS -(see also note 38.15 and 38.8)	-3 930	
	Correction of error - Creditors and Acc Surplus	22 450	
	Total	**-151 781**	**72 526**
38.9	**Accumulated Surplus/(Deficit)**		
	Balance previously reported		**12 486 446**
	KKWS Take on balance 2007/2008		13 753 519
	Correction of error. Writting back of advance payable by Cango Caves-(see also note 38.3)		-10 283 051
	Correction of error . Goverment Grant recieved duplicated -(see note 38.2)		3 405 697
	Correction of error.Inventory incorrectly impaired- (see note 38.11 (R-data)	469 398	
	Correction of error.Sundry debtors- see note 38.10	836 773	
	Correction of error. Writting back creditors KKWS. - (see note 38.8)	36 040	
	Correction of error. PAYE for previous year incorrectly paid- (see note 38.8)	-444 876	
	Correction of error.Writting back of creditors -(see note 38.6)	19 924	
	Correction of error- Creditors -(see note 38.8 and 38.8.1)	21 194	
	Correction of error- Restatement of Bank balance of previoys year-(see note 38.4 and 23)	-378 240	
	Total	**560 214**	**19 362 610**
38.10	**Trade Recievables from exchange transactions**		
	Balance previously reported	**945 685**	
	KKWS Take on balance 2007/2008-see note 20		945 685
	KKWS Take on balance 2008/2009-see note 20	1 089 928	
	Correction of error Audit Finding 2008/9 - Unspent Goverment Grants -(see note 38.2 and 20)	1 246 702	
	Correction of error.Sundry debtors -(see also note 38.9 and 20)	836 773	
	Total	**4 119 088**	**945 685**
38.11	**Inventory**		
	Balance previously reported		
	Correction of error-stock incorrectly impaired prepaired R-data)-see also note 19	469 398	
	Correction of error-First time take on of water stock -see also note 19	37 527	128 701
	Correction of error-First time take on of water stock KKWS-see also note 19	2 216	13 226
	Total	**509 141**	**141 926**
38.12	**Long -term Liabilities - Lease Liability**		
	Balance previously reported	**841 299**	
	KKWS Take on balance 2007/2008-see note 3		841 299
	KKWS Take on balance 2008/2009-see note 3	(227 688)	
	Correction of error - Lease assets	223 385	
	Total	**836 996**	**841 299**
38.13	**Current portion of lease liability**		
	Balance previously reported	**(227 688)**	
	KKWS Take on balance 2007/2008-see note 3		(227 688)
	KKWS Take on balance 2008/2009-see note 3	(29 088)	
	Total	**(256 776)**	**(227 688)**
38.14	**Short-term Employee Benefits**		
	Balance previously reported	**121 103**	
	KKWS Take on balance 2007/2008-see note 7		121 103
	KKWS Take on balance 2008/2009-see note 7	8 819	
	Total	**129 922**	**121 103**
38.15	**Statement of financial performance**		
	Balance previously reported	**-11 602 262**	**6 480 896**
	KKWS Goverment grants and subsidies	4 990 419	4 498 831
	KKWS Water sales	4 750 077	3 924 060
	KKWS Interest earned- external investments	537 485	1 524 686
	KKWS Impairment of Trade Recievables	344 888	
	KKWS Other Income	44 464	19 289
	KKWS Employee related costs	-2 067 763	-2 068 614
	KKWS Impairment of Trade Recievables		-1 529 016
	KKWS Depreciation and Amortisation	-309 200	-185 266
	KKWS Finance Charges	-89 040	-68 514
	KKWS Repairs and Maintenance	-717 715	-477 462
	KKWS Contracted services	-244 709	-27 009
	KKWS Grants		-117 077
	KKWS General Expenses	-1 731 514	-1 114 257
	Correction of error .Retrospective charges for rental Cango Caves-(see also note 38.8 and 38.8.1)	863 776	822 644
	Correction of error.Retrospective charges of employee cost of library subsidy - (see also note 38.2)		293 012
	Correction of error . General Expenses -(see also note-38.8)	417 211	
	Correction of error.Retrospective depreciation on lease assets.-(see also note 38.6)	-42 700	
	Correction of error .Retrospective contracted services cost -leases-(see also note 38.6)	32 815	
	Correction of error.Retrospective correction of pre-paid electricity paid in advance- (see also note 38.8	-260 907	-231 342

	Correction of error.Retrospective adjustment for first time take on of water stock-(see also note 38.11)	37 527	128 701
	Correction of error.Retrospective adjustment for first time take on of water stock- KKWS -(see also note 38.11)	2 216	13 226
	Correction of error (Finance charges)	-3 798 002	
	Correction of error (Employee related cost)	3 798 002	
	Correction of error- Depreciation-(see also note 38.6)	-80 603	
	Correction of error- Elecricity KKWS-(see also note 38.8 and 38.8.1)	-28 070	
	Correction of error-(Salaries -R6019.76 ,General Exp - R36377,Contr Serv -R2521, Repair R15982	-114 903	
	Total	**-5 268 508**	**11 886 787**

		2010 R	2009 R
39	**RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS**		
	Surplus/(Deficit) for the year	2 919 982	(5 268 508)
	Adjustments for:		
	Depreciation and Amortisation	17 026 206	16 062 644
	(Gain)/Loss on disposal of property, plant and equipment	-	
	Impairments	-	
	Contribution from/to employee benefits - non-curren	(2 252 013)	(2 575 914)
	Contribution from/to employee benefits - non-current - expenditure incurre	5 039 677	5 324 672
	Contribution from/to employee benefits - non-current - actuarial losse	669 209	128 375
	Contribution from/to employee benefits - non-current - actuarial gain	-	(771 167)
	Contribution to employee benefits – curren	1 485 507	3 817 509
	Contribution to employee benefits – current - expenditure incurre	(197 320)	(3 454 414)
	Contribution to provisions – curren	-	
	Contribution to provisions – current - expenditure incurred	-	-
	Contribution to provisions – bad deb	1 249 964	10 184 358
	Fair Value Adjustments	-	
	Stock adjustments income	(2 782)	
	Stock adjustments expenditure	15 908	
	Decrease in debt impairment	(6 729 522)	
	Impairment written off	655 009	(3 226 450)
	Operating lease income accrued	11 342	5 560
	Operating lease expenses accrued	(122)	(3 107)
	Interest income	(9 026 413)	(13 356 759)
	Interest expense	6 478 724	12 266 271
	Operating Surplus/(Deficit) before changes in working capita	17 343 356	19 133 070
	Changes in working capita	(23 548 621)	(21 015 705)
	Increase/(Decrease) in Trade and Other Payables	(4 118 893)	(18 173 586)
	Increase/(Decrease) in Unspent Conditional Government Grants and Receipt	(355 145)	1 621 648
	Increase/(Decrease) in Unpaid Conditional Government Grants and Receipt	(5 307 442)	2 571 868
	Increase/(Decrease) in Taxes	(3 597 679)	11 698 110
	(Increase)/Decrease in Inventory	405 035	1 016 457
	(Increase)/Decrease in Trade Receivables from exchange transaction	8 538 446	(9 683 916)
	(Increase)/Decrease in Other Receivables from non-exchange transaction	(19 112 942)	(10 066 287)
	Cash generated/(absorbed) by operations	**(6 205 265)**	**(1 882 635)**

		2010 R	2009 R
40	**CASH AND CASH EQUIVALENTS**		
	Cash and cash equivalents included in the cash flow statement comprise the following:		
	Call Investments Deposits - Note 23	46 863 149	68 868 632
	Cash Floats - Note 23	10 534	9 134
	Bank - Note 23	(11 117 570)	12 725 897
	Total cash and cash equivalents	**35 756 113**	**81 603 663**
41	**RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES**		
	Cash and Cash Equivalents - Note 4	35 756 113	81 603 663
	Investments - Note 16	-	-
		35 756 113	81 603 663
	Less:	17 827 654	21 490 724
	Unspent Committed Conditional Grants - Note 1	13 005 772	13 360 918
	Unspent Public Contribution - Note 11	1 412 488	1 122 733
	Unspent Borrowings - Note 42	-	-
	VAT - Note 12	2 051 685	5 649 364
	Cash Portion of Housing Development Fund - Note 2	1 357 709	1 357 709
	Secured Investments	-	-
	Net cash resources available for internal distribution	17 928 459	60 112 939
	Allocated to:		
	Capital Replacement Reserve	-	-
	Employee Benefits Reserve	-	-
	Social Contribution Reserve	-	-
	Non-Current Provisions Reserve	-	-
	Valuation Roll Reserve	-	-
	Resources available for woking capital requirements	17 928 459	60 112 939
42	**UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION**		
	Long-term Liabilities - Note 3	50 633 842	57 099 901
	Used to finance property, plant and equipment - at cost	(50 633 842)	(57 099 901)

Cash set aside for the repayment of long-term liabilities	-	-
Cash invested for repayment of long-term liabilities	**-**	**-**

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. The Annuity Loans carry interest of between 9.21 % and 17.82 % and

43 BUDGET COMPARISONS

	2010 R (Actual)	2010 R (Budget)	2010 R (Variance)	2010 (%)
43.1 Operational				
Revenue by source				
Property Rates	34 389 007	36 530 630	(2 141 623)	-6%
Government Grants and Subsidies - Capita	19 631 763		19 631 763	100%
Government Grants and Subsidies - Operating	42 872 705	69 371 397	(26 498 692)	-38%
Public Contributions and Donations	153 157		153 157	100%
Actuarial Gains	-	-	-	0%
Third Party Payments	404 938		404 938	100%
Fines	2 094 220	3 630 162	(1 535 942)	-42%
Stock Adjustments	2 782		2 782	100%
Decrease in Debt impairment	6 729 522		6 729 522	100%
Bad Debts Recovered	304 607		304 607	100%
Property Rates - penalties imposed and collection charges	-	-	-	0%
Service Charges	139 262 636	163 627 516	(24 364 880)	-15%
Rental of Facilities and Equipment	1 720 791	408 630	1 312 161	321%
Interest Earned - external investments	6 662 033	5 000 000	1 662 033	33%
Interest Earned - outstanding debtors	2 364 379	1 490 000	874 379	59%
Licences and Permits	-	-	-	0%
Agency Services	3 608 123	11 900 000	(8 291 877)	-70%
Other Revenue	6 227 641	7 142 089	(914 448)	-13%
	266 428 306	299 100 424	(32 672 118)	-11%
Expenditure by nature				
Employee Related Costs	(94 493 392)	(92 612 728)	(1 880 664)	2%
Remuneration of Councillors	(5 730 796)	(5 730 990)	194	0%
Debt Impairment	(1 249 964)	(9 172 678)	7 922 714	-86%
Depreciation and Amortisation	(17 026 206)	(16 647 646)	(378 560)	2%
Impairments	-	-	-	0%
Assets written-off	(365 617)		(365 617)	100%
Stock written-off	(289 393)		(289 393)	100%
Repairs and Maintenance	(16 417 585)	(11 951 784)	(4 465 801)	37%
Actuarial losses	(669 209)	-	(669 209)	100%
Finance Charges	(6 478 724)	(6 655 064)	176 340	-3%
Bulk Purchases	(61 524 783)	(59 588 000)	(1 936 783)	3%
Contracted services	(6 983 612)	(19 957 061)	12 973 449	-65%
Grants and Subsidies	-		-	0%
Stock Adjustments	(15 908)		(15 908)	100%
Fruitless and Wasteful Expenditure	(1 363 166)		(1 363 166)	100%
Operating Grant Expenditure	(9 273 960)	(20 077 282)	10 803 322	-20%
General Expenses	(41 626 009)	(54 843 950)	13 217 941	-24%
	(263 508 324)	(297 237 183)	33 728 859	-11%
Other Gains/Losses				
Loss on Disposal of PPE	-	-	-	0%
Gains on Disposal of PPE	-	-	-	0%
	-	-	-	0%
Net Surplus for the year	**2 919 982**	**1 863 241**	**1 056 741**	**57%**

Details of material variances

Provide details for material variances

43.2 Expenditure by Vote	R (Actual)	R (Budget)	R (Variance)	(%)
Executive & Council	(45 542 012)	(52 693 019)	7 151 007	**(14)**
Finance & Admin	(31 123 532)	(31 808 249)	684 717	**(2)**
Planning & Development	(6 875 030)	(7 925 043)	1 050 013	**(13)**
Public Safety	(10 334 785)	(18 850 622)	8 515 837	**(45)**
Health	-	-	-	
Community & Social Services	(9 863 137)	(10 096 169)	233 032	**(2)**
Sport & Recreation	(12 488 808)	(13 477 723)	988 915	**(7)**
Housing	(1 931 789)	(14 382 264)	12 450 475	**(87)**
Waste Management	(11 023 733)	(14 784 043)	3 760 310	**(25)**
Road Transport	(25 915 428)	(21 847 982)	(4 067 446)	**19**
Waste Water Management	(10 400 997)	(11 386 129)	985 132	**(9)**
Klein Karoo Water Scheme	(8 176 595)	(6 291 820)	(1 884 775)	**30**
Water	(14 486 384)	(15 209 608)	723 224	**(5)**
Electricity	(74 043 680)	(76 685 226)	2 641 546	**(3)**
Other	(1 302 413)	(1 799 286)	496 873	**(28)**
	(263 508 324)	**(297 237 183)**	**33 728 859**	**(11)**

(See also Appendix E (1)

Details of material variances

Provide details for material variances

43.3 Capital expenditure by vote

	R (Actual)	R (Budget)	R (Variance)	(%)
Executive & Council	572 784		572 784	100
Finance & Admin	1 814 035	1 377 680	436 355	32
Planning & Development	6 460 461	7 165 450	(704 989)	(10)
Public Safety	466 576	715 000	(248 424)	(35)
Community & Social Services	574 615	717 270	(142 655)	(20)
Sport & Recreation	2 490 633	3 606 007	(1 115 374)	(31)
Housing	173 259	407 122	(233 863)	(57)
Waste Management	60 050	360 000	(299 950)	(83)
Road Transport	11 645 468	15 102 796	(3 457 328)	(23)
Waste Water Management	4 030 287	4 096 500	(66 213)	(2)
Klein Karoo Water Scheme	782 162	920 000	(137 838)	(15)
Water	2 465 279	4 074 539	(1 609 260)	(39)
Electricity	3 556 255	3 948 000	(391 745)	(10)
Other	52 790	77 000	(24 210)	(31)
	35 144 654	**42 567 364**	**(7 422 710)**	**(17)**

(See Appendix E (2)- Votes for a detailed analysis

44 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

44.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure

Opening balance	35 688 146	-
Unauthorised expenditure current year - capita	-	
Unauthorised expenditure current year - operating		35 688 146
Approved by Council or condonec	-	-
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisatio	**35 688 146**	**35 688 146**

Incident	Disciplinary steps/criminal proceedings
Overexpenditure on votes	*None*

44.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure

Opening balance	762 328	178 542
Fruitless and wasteful expenditure current yea	1 363 166	583 786
Duplicated payments identifiec	154 308	
Condoned or written off by Counci	-	-
Transfer to receivables for recovery - not condoned	-	-
Fruitless and wasteful expenditure awaiting condonemen	**2 125 494**	**762 328**

Incident	Disciplinary steps/criminal proceedings
Interest and penalties on PAYE - R1946952	*None*
Duplicated payments - R154308	*None*
Claim cost of own legal representetive-MN Pietersen	*None*
Legal cost of aborted disciplinary proceeding-R161000	*None*

An application will be lodged to SARS for writing back the penalties

44.3 Irregular expenditure

Reconciliation of irregular expenditure

Opening balance	3 126 203	3 126 203
Irregular expenditure current yea		
Condoned or written off by Counci		
Transfer to receivables for recovery - not condoned	-	-
Irregular expenditure awaiting condonemen	**3 126 203**	**3 126 203**

Incident	Disciplinary steps/criminal proceedings
Non-compliance with Supply Chain Management Policy-R3014145.31	*None*
bonus extra after he was already paid for it - R112058	*None*

44.4 Material Losses

Electricity distribution losses		
Units purchased (Kwh)	160 987 104	161 073 828
- Units lost during distribution (Kwh)	14 631 051	9 689 153
- Percentage lost during distributior	9.09%	6.02%
Water distribution losses		
- Mega litres purified	5 996	6 457
- Mega litres lost during distribution	1 184	1 620
- Percentage lost during distributior	19.75%	25.09%

45 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

45.1 Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS

Council subscriptions	411 439	251 809
Amount paid - current year	(411 439)	(251 809)
Balance unpaid (included in creditors)	**-**	**-**

	2010 R	2009 R
45.2 Audit fees - [MFMA 125 (1)(b)]		
Opening balance	-	-
Current year audit fee	4 299 813	1 234 032
External Audit - Auditor-Genera	4 299 813	1 234 032
Amount paid - current year	(3 218 065)	(1 234 032)
Balance unpaid (included in creditors)	**1 081 748**	**-**

45.3 VAT - [MFMA 125 (1)(b)]

VAT	**(2 051 685)**	**5 649 364**

VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year.

	2010 R	2009 R
45.4 PAYE, SDL and UIF - [MFMA 125 (1)(b)]		
Current year payroll deductions and Council Contribution	9 808 917	8 191 740
Amount paid - current year	(9 808 917)	(8 191 740)
Balance unpaid (included in creditors)	**-**	**-**

	2010 R	2009 R
45.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]		
Current year payroll deductions and Council Contribution	20 240 446	17 090 456
Amount paid - current year	(20 240 446)	(17 090 456)
Balance unpaid (included in creditors)	**-**	**-**

45.6 Councillor's arrear consumer accounts - [MFMA 125 (1)(b)]

No Councillors had arrear accounts for more than 90 days as at 30 JUNE 2010:

45.7 Quotations awarded - Supply Chain Management

Non-compliance with the Supply Chain Management Regulations were identified on the following categories:

	Less than R30,000	Between R30,001 and R200,000	Between R200,001 and R2,000,000	More than R2,000,001
Corporate Services	168 765	-	-	-
Infrastructure	1 030 773	957 272	200 073	-
Financial Services	42 805	-	-	-
Community Services	121 859	187 999	-	-
Municipal Manager	4 000	-	-	-
	1 368 202	1 145 271	200 073	-

	2010 R	2009 R
46 CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure:		
Approved and contracted for:	5 181 512	942 966
Land & Buildings	-	
Infrastructure	5 181 512	942 966
Total	**5 181 512**	**942 966**

	2010 R	2009 R
This expenditure will be financed from		
External Loans	-	
Government Grants	5 181 512	942 968
	5 181 512	**942 968**

	2010 R	2009 R
47 FINANCIAL RISK MANAGEMENT		

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions

(b) Price risk

The municipality is not exposed to price risk

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year

	2010 R	2009 R
The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:		
0.5% (2009 - 0.5%) Increase in interest rates	109 991	12 424
0.5% (2009 - 0.5%) Decrease in interest rates	(109 991)	(12 425)

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other debtors are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy

All rates and services are payable within 30 days from invoice date. Refer to note 20 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 20 for balances included in receivables that were re-negotiated for the period under review.

No trade and other receivables are pledged as security for financial liabilities.

Due to the short term nature of trade and other receivables the carrying value disclosed in note 20 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate.

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2010 %	2010 R	2009 %	2009 R
Electricity	12.00%	3 394 571	3.63%	1 802 209
Water	26.77%	7 575 234	22.56%	11 191 412
Housing Rentals	0.00%	42	0.01%	4 068
Refuse	19.04%	5 388 947	23.02%	11 416 486
Sewerage	19.02%	5 381 894	24.41%	12 107 490
Other Consumer Arrears	4.96%	1 403 372	3.01%	1 491 269
Rates	18.21%	5 154 586	23.36%	11 585 828
	100.00%	28 298 646	100.00%	49 598 762

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although te credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

Financial assets exposed to credit risk at year end are as follows

Long term receivables	-	23 497
Trade receivables and other receivables	43 065 304	27 024 013
Cash and Cash Equivalents	46 873 683	81 603 663
Unpaid conditional grants and subsidies	5 636 644	329 202
	95 575 631	108 980 376

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2009				
Long Term liabilities	4 970 360	24 901 720	14 385 780	12 842 041
Trade and Other Payables	15 664 232	-	-	-
Unspent conditional government grants and receipts	13 360 918	-	-	-
Unspent Public Contributions	1 122 733			
	35 118 243	24 901 720	14 385 780	12 842 041
2010				
Long Term liabilities	9 890 440	40 008 922	23 150 702	10 985 085
Trade and Other Payables	11 545 339	-	-	-
Unspent conditional government grants and receipts	13 005 773	-	-	-
Unspent Public Contributions	1 412 487			
	35 854 039	40 008 922	23 150 702	10 985 085

		2010 R	2009 R
48	**FINANCIAL INSTRUMENTS**		

In accordance with IAS 39.09 the financial instruments of the municipality are classified as follows:

The fair value of financial instruments appoximates the amortised costs as reflected bellow.

48.1	**Financial Assets**	**Classification**		
	Long-term Receivables			
	Motor Loans -staff	At amortised cost		
	Consumer Debtors			
	Trade receivables from exchange transactions	At amortised cost	50 936 935	59 475 380
	Other receivables from exchange transactions	At amortised cost	20 427 015	17 147 393
	Current Portion of Long-term Receivables			
	Motor Loans staff	At amortised cost	-	23 497
	Short-term Investment Deposits			
	Call Deposits	At amortised cost	46 863 149	68 868 632
	Bank Balances and Cash			
	Bank Balances	At amortised cost	-	12 725 897
	Cash Floats and Advances	At amortised cost	10 534	9 134
			118 237 634	**158 249 934**
	SUMMARY OF FINANCIAL ASSETS			
	At amortised cost		**118 237 634**	**158 249 934**

		2010 R	2009 R
41	**FINANCIAL INSTRUMENTS (CONTINUE)**		

48.2	**Financial Liability**	**Classification**		
	Long-term Liabilities			
	Annuity Loans	At amortised cost	47 695 101	54 124 014
	Capitalised Lease Liability	At amortised cost	2 938 741	3 812 883
	Trade Payables			
	Trade creditors	At amortised cost	185 447	2 025 304
	Other	At amortised cost	7 107 964	9 577 721

Unspent Conditional Grants and Receipts				
Other Spheres of Government		At amortised cost	13 005 772	13 360 918
Public Conttributions			1 412 488	1 122 733
Current Portion of Long-term Liabilities				
Annuity Loans		At amortised cost	(4 302 280)	(3 861 459)
Capitalised Lease Liability		At amortised cost	(1 131 419)	(1 365 677)
			66 911 814	**78 796 437**
SUMMARY OF FINANCIAL LIABILITY				
At amortised cost			**66 911 814**	**78 796 437**

49 EVENTS AFTER THE REPORTING DATE

M.N. PIETERSEN

On 4 August 2010,Council resoluted to pay an amount of R1500000 as back pay to Mr Pieterser
Councils resolution was temporally put on hold due to a court interdict .
The case is currently under review. If Pietersen wins the case , Council would be liable to pay out an amount in the area of R1500000.

50 IN-KIND DONATIONS AND ASSISTANCE

Development Bank of South Africa - Secondment of staff

51 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

52 CONTINGENT LIABILITY

Council do have the following contingent liabilities at the end of the financial year 2009/201

The Cape joint Pension Fund rendered an account for a shortfall in the fund's returns to the municipality for the amount of R 294757.23 The municipality recognised the amount as Employee Benefits (See Note 7) but the municipality, together with several other municipalities, objected to the account and awaits a decision by the Trustees of the fund. If successful, the surplus for the year will increase by the amount and Employee Benefits decrease.

294 757

53 RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

53.1 Related Party Transactions

	Cellphones	Travell Alowances	Pension	Outstanding Balances 30 June 2010
Year ended 30 JUNE 2010				
Councillors	**597 367**	**8 464**	**131 613**	**737 444**
April G		680	19 199	19 879
Biljohn SCP	17 959			17 959
Billy S	9 689		8 058	17 746
Fortuin E	42 711	500	6 558	49 768
Gunguluza GN	50 396	1 050	18 109	69 555
Harmse J	34 516		9 773	44 289
Kawa W	32 249	1 648	10 773	44 671
May M	74 121		2 558	76 679
Ngalo CN		1 636	8 773	10 409
Ngalo EN	8 240	950	10 773	19 963
Pannas B	32 527	850	8 058	41 434
Phillips GZ	105 522	500	10 773	116 795
Soman S	32 134	150	8 058	40 341
Wagenaar C	23 684		7 335	31 019
Blaauw B	33 171			33 171
Le Kay A	61 862	500		62 362
Retief	294			294
Gangatele N	4 786			4 786
Jansen J	4 834			4 834
Windvogel K	7 167			7 167
Luiters P	1 976			1 976
Abrahams	2 943			2 943
Loff J	143		2 815	2 958
Le Roux B	2 129			2 129
Damonds E	2 834			2 834
Duvenhage JP	645			645
Potgieter M	4 541			4 541
V/d Westhuizen	3 542			3 542
Griebelaar	2 755			2 755
Municipal Manager and Section 57 Employees	**-**	**-**	**-**	**-**

No outstanding amounts exist on 30 June 2010.

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

53.2 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date, together with the conditions, are disclosed in note 18 to the Annual Financial Statements.

53.3 Compensation of key management personnel

The compensation of key management personnel is set out in note 29 to the Annual Financial Statements.

53.4 Other related party transactions

The following purchases were made during the year where Councillors or Management have an interest:	2010 R	2009 R
Councillor/Staff Member		
B Maksela Autumn SkiesTrading 187 CC	-	39 981
	-	39 981

53.5 Entity transactions

Cango Caves Advance/Loan	-	10 283 051
Cango Caves Administative Fee	992 241	873 547
Cango Caves Advance Debtor/Creditor - Bank	(1 994 855)	1 958 982

54 TRANSITIONAL PROVISION TAKEN ACCORDING TO THOSE IN DIRECTIVE 4 - TRANSITIONAL PROVISIONS FOR MEDIUM AND LOW CAPACITY MUNICIPALITIES

54.1 GRAP 19 - Provisions, contingent liabilities and contingent Assets

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not recognise provisions, contingent liabilities or contingent assets relating to Refuse tip-sites.

The municipality is currently in a process of identifying all provisions which must be measured in terms of GRAP 19 and it is expected that this process will be completed for inclusion in the 2011 financial statements.

The municipality has engaged with negotiations with Eden District Council to establish a regional dumping sites.

54.2 GRAP 100 - Non-current assets and discontinued operations

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not recognise non-current assets held for sale and discontinued operations relating to Inventories, Investment Properties, Property, Plant and Equipment, Agriculture and Intangible Assets which are not recognised in terms of the transitional provisions relating to those standards.

54.3 GRAP 16 - Investment Properties

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not recognise all the Investment Properties.

The municipality is currently in the process of identifying all Investment Properties and have valued them in terms of GRAP 16 and it is expected that this process will be completed for inclusion in the 2011 financial statements.

54.4 GRAP 102 - Intangible Assets

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not recognise or measure all the Intangible Assets in accordance with the standard, including the following:

* Computer Software;
* Intangible assets financed by way of finance leases
* Intangible assets transferred as a result of the transfer of functions; and
* Servitudes.

The municipality is currently in the process of identifying all Intangible Assets and have it valued in terms of GRAP 102 and it is expected that this process will be completed for inclusion in the 2011 financial statements. It is possible that certain intangible assets are currently being recognised as Property, Plant and Equipment.

54.5 GRAP 12 - Inventories

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not recognise the following inventories:

Land held for sale

The municipality is currently in the process of identifying all inventory which must be measured in terms of GRAP 12 and it is expected that this process will be completed for inclusion in the 2011 financial statements.

13 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2010

Reconciliation of Carrying Value	Cost					Accumulated Depreciation				Carrying Value
	Opening Balance R	Additions R	Written Off	Disposals R	Closing Balance R	Opening Balance R	Additions R	Disposals	Closing Balance R	R
Land and Buildings	**30 550 297**	**7 536 414**	**-2 633**	**-**	**38 084 079**	**7 353 173**	**1 034 169**	**-2 633**	**8 384 709**	**29 699 371**
Land	3 032 628	-		-	3 032 628	204	117	-	321	3 032 307
Buildings	27 517 671	7 536 414	-2 633	-	35 051 452	7 352 969	1 034 052	-2 633	8 384 388	26 667 065
Infrastructure	**228 643 827**	**21 236 378**	**-293 832**	**-**	**249 586 373**	**108 687 399**	**10 754 360**	**-171 397**	**119 270 363**	**130 316 010**
Landfill Sites	315 560	-		-	315 560	101 163	12 698	-	113 861	201 699
Roads and Streets	107 507 864	14 544 250		-	122 052 114	50 137 956	5 995 308	-	56 133 264	65 918 850
Sewerage Mains and Purification	22 640 677	1 308 267	-13 140	-	23 935 804	11 735 492	889 499	-1 130	12 623 861	11 311 943
Electricity Peak Load Equipment	707 129	653 891	-61 935	-	1 299 085	374 906	41 672	-53 042	363 536	935 549
Electricity mains	49 931 838	1 584 112	-89 190		51 426 760	23 120 380	2 363 807	-64 626	25 419 561	26 007 199
Water Mains and Purification	50 749				50 749	21 633	2 146		23 779	26 970
Water Reserviors	9 636 781	1 986 906			11 623 687	2 625 896	209 930		2 835 826	8 787 861
Water Meters	3 039 399	54 540	-117 318		2 976 621	850 375	126 565	-47 654	929 286	2 047 335
Water	34 813 829	1 104 412	-12 249	-	35 905 992	19 719 598	1 112 735	-4 945	20 827 388	15 078 604
Community Assets	**19 365 193**	**196 410**		**-**	**19 561 603**	**7 024 325**	**791 834**	**-**	**7 816 159**	**11 745 436**
Parks and Gardens	2 178 412	60 505		-	2 238 917	1 008 494	71 492	-	1 079 986	1 158 931
Libraries	4 550 967				4 550 967	1 592 986	144 639		1 737 625	2 813 343
Recreation Grounds	9 476 393				9 476 393	3 897 466	470 598		4 368 064	5 108 330
Civic Buildings	3 159 421	135 905		-	3 295 326	525 378	105 105	-	630 483	2 664 833
Lease Assets	**7 082 200**	**572 784**		**-**	**7 654 984**	**3 608 602**	**1 403 549**	**-**	**5 012 151**	**2 642 833**
Office Equipment and vehicles	7 082 200	572 784		-	7 654 984	3 608 602	1 403 549	-	5 012 151	2 642 833
Heritage Assets	**2 970**	**-**		**-**	**2 970**	**126**	**99**	**-**	**225**	**2 745**
Buildings	2 970	-		-	2 970	126	99	-	225	2 745
Other Assets	**32 281 688**	**5 454 101**	**-1 385 534**	**-**	**36 350 255**	**19 777 579**	**2 704 700**	**-1 142 355**	**21 339 923**	**15 010 335**
Office Equipment	14 494 568	3 535 039	-658 604	-	17 371 003	9 060 274	1 526 009	-569 483	10 016 800	7 354 204
Furniture & Fittings	876 217	169 335	-151 942	-	893 610	538 563	113 250	-140 122	511 691	381 920
Bins and Containers	575 927	-		-	575 927	483 167	18 582	-	501 749	74 178
Motor vehicles	7 948 938	105 000	-207 795	-	7 846 143	4 959 034	469 459	-204 303	5 224 190	2 621 954
Emergency Equipment	1 576 587	-	-4 014	-	1 572 573	929 718	105 284	-3 328	1 031 674	540 900
Computer Equipment	3 284 608	460 572	-344 737	-	3 400 443	2 079 204	357 057	-223 596	2 212 665	1 187 778
Water Vehicle	18 442	-	-18 442	-	-	1 523	-	-1 523	-	-
Pump Equipment	59 111				59 111	1 080			1 080	58 031
Tools	33 400				33 400	3 990			3 990	29 410
Fire Engines	2 148 481	466 576			2 615 057	455 618	100 310		555 928	2 059 130
Boreholes		717 579			717 579		14 749		14 749	702 830
Refuse Tanker	1 265 408	-		-	1 265 408	1 265 407	-	-	1 265 407	-
	317 926 176	**34 996 087**		**-**	**351 240 264**	**146 451 203**	**16 688 711**	**-1 316 385**	**161 823 529**	**189 416 730**

30 JUNE 2009

Reconciliation of Carrying Value	Cost					Accumulated Depreciation				Carrying Value
	Opening Balance R	Additions R	Under Construction	Disposals R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Closing Balance R	R
Land and Buildings	**28 038 366**	**1 495 473**	**970 218**	**-**	**30 550 297**	**6 478 486**	**874 687**	**-**	**7 353 173**	**23 197 124**
Land	3 032 628	-		-	3 032 628	87	117	-	204	3 032 424
Balance previously reported	8 313 424			-	8 313 424	87	117	-	204	8 313 220
Correction of error.Refer note 38.6	-5 280 796			-	-5 280 796	-	-	-	-	-5 280 796
Buildings	25 005 738	1 495 473	1 016 458	-	27 517 670	6 478 399	874 570	-	7 352 969	20 164 701
Balance previously reported	29 470 683	1 495 473	970 218		31 936 374	7 498 598	1 025 081		8 523 679	23 412 695
Correction of error.Refer note 38.6	-4 464 945		46 240		-4 418 704	-1 020 199	-150 511		-1 170 710	-3 247 994
Infrastructure	**218 208 333**	**5 668 141**	**4 767 352**	**-**	**228 643 826**	**98 437 909**	**10 249 492**	**-**	**108 687 401**	**119 956 429**
Landfill Sites	315 560	-		-	315 560	88 465	12 698	-	101 163	214 397
Roads and Streets	103 290 041	4 217 823		-	107 507 864	44 532 169	5 605 787	-	50 137 956	57 369 909
Balance previously reported	103 319 119	4 217 823			107 536 942	44 504 747	5 605 787		50 110 534	57 426 409
Correction of error.Refer note 38.6	-29 078				-29 078	27 422			27 422	-56 500
Sewerage Mains and Purification	22 478 967	161 710		-	22 640 677	10 891 901	843 591	-	11 735 492	10 905 185
Electricity Peak Load Equipment	697 699	9 430			707 129	335 188	39 718		374 906	332 224
Electricity mains	48 740 698	913 600	277 540	-	49 931 838	20 797 960	2 322 420	-	23 120 380	26 811 458
Balance previously reported	48 740 698	913 600	277 540		49 931 838	20 788 310	2 322 420		23 110 730	26 821 108
Correction of error.Refer note 38.6						9 650			9 650	-9 650
Water Mains and Purification	50 749				50 749	18 240	3 393		21 633	29 117
Water Reservoirs	5 920 024		3 716 757		9 636 781	2 415 966	209 930		2 625 896	7 010 885
Balance previously reported	7 259 966		2 214 957		9 474 923	2 415 966	209 930		2 625 896	6 849 027
Correction of error.Refer note 38.6	-1 339 942		1 501 800		161 858				-	161 858
Water Meters	2 761 620	277 779			3 039 399	722 460	127 916		850 376	2 189 023
Water	33 952 975	87 799	773 055	-	34 813 829	18 635 559	1 084 039	-	19 719 598	15 094 231
Balance previously reported	33 952 975	87 799	773 055		34 813 829	18 635 069	1 084 039		19 719 108	15 094 721
Correction of error.Refer note 38.6						490			490	-490
Community Assets	**18 934 219**	**430 974**		**-**	**19 365 193**	**6 250 708**	**773 617**	**-**	**7 024 326**	**12 340 868**
Parks and Gardens	2 173 812	4 600		-	2 178 412	939 070	69 424	-	1 008 494	1 169 918
Balance previously reported	2 244 048	4 600			2 248 648	968 999	71 654		1 040 653	1 207 995
Correction of error.Refer note 38.6	-70 236				-70 236	-29 929	-2 230		-32 159	-38 077
Libraries	4 550 967				4 550 967	1 448 347	144 639		1 592 986	2 957 982
Recreation Grounds	9 258 456	217 937			9 476 393	3 437 087	460 380		3 897 467	5 578 927
Balance previously reported	9 748 451	217 937			9 966 388	3 570 969	484 879		4 055 848	5 910 540
Correction of error.Refer note 38.6	-489 995				-489 995	-133 882	-24 499		-158 381	-331 614
Civic Buildings	2 950 984	208 437		-	3 159 421	426 204	99 174	-	525 378	2 634 042
Balance previously reported	4 540 984	208 437			4 749 421	1 327 232	152 176		1 479 408	3 270 012
Correction of error.Refer note 38.6	-1 590 000				-1 590 000	-901 028	-53 002		-954 030	-635 971
Lease Assets	**5 440 500**	**1 641 700**		**-**	**7 082 200**	**2 284 778**	**1 323 824**	**-**	**3 608 602**	**3 473 598**
Office Equipment + Vehicles	5 440 500	1 641 700		-	7 082 200	2 284 778	1 323 824	-	3 608 602	3 473 598
Balance previously reported	4 255 900	1 385 500			5 641 400	1 886 103	1 044 204		2 930 307	2 711 093
Correction of error. Refer note 38.6	1 184 600	256 200			1 440 800	398 675	279 620		678 295	762 505
Heritage Assets	**2 970**	**-**		**-**	**2 970**	**27**	**99**	**-**	**126**	**2 844**
Buildings	2 970	-		-	2 970	27	99	-	126	2 844
Other Assets	**27 416 574**	**4 865 113**		**-**	**32 281 687**	**17 366 998**	**2 410 585**	**-**	**19 777 582**	**12 504 105**
Office Equipment	11 789 766	2 704 802		-	14 494 568	7 808 328	1 251 946	-	9 060 274	5 434 294
Balance previously reported	11 738 980	2 704 802			14 443 782	7 776 883	1 244 910		9 021 793	5 421 989
Correction of error. Refer note 38.6	50 786				50 786	31 445	7 036		38 481	12 305
Furniture & Fittings	711 898	164 319		-	876 217	439 985	98 578	-	538 563	337 654

Balance previously reported	653 589	164 319			817 908	411 800	88 296		500 096	317 812
Correction of error. Refer note 38.6	58 309				58 309	28 185	10 282		38 467	19 842
Bins and Containers	575 927	-		-	575 927	458 769	24 400	-	483 169	92 758
Motor vehicles	7 191 426	757 512		-	7 948 938	4 501 786	457 248	-	4 959 034	2 989 904
Balance previously reported	7 127 595	214 652			7 342 247	4 437 955	409 655		4 847 610	2 494 637
Correction of error. Refer note 38.6	63 831	542 860			606 691	63 831	47 593		111 424	495 267
Emergency Equipment	1 576 587			-	1 576 587	824 089	105 630	-	929 719	646 868
Computer Equipment	2 688 031	596 577		-	3 284 608	1 733 056	346 148	-	2 079 204	1 205 404
Balance previously reported	2 604 149	596 577			3 200 726	1 654 606	343 850		1 998 456	1 202 270
Correction of error. Refer note 38.6	83 882				83 882	78 450	2 298		80 748	3 134
Water Vehicle	18 442				18 442	293	1 230		1 523	16 919
Pump Equipment	-	59 111			59 111		1 080		1 080	58 031
Balance previously reported	-	-			-	-	-		-	-
Correction of error. Refer note 38.6	-	59 111			59 111	-	1 080		1 080	58 031
Tools	-	33 400			33 400		3 990		3 990	29 410
Balance previously reported	-	-			-	-	-		-	-
Correction of error. Refer note 38.6	-	33 400			33 400	-	3 990		3 990	29 410
Fire Engines	1 599 089	549 392		-	2 148 481	382 551	73 067	-	455 618	1 692 863
Refuse Tanker	1 265 408	-		-	1 265 408	1 218 141	47 268	-	1 265 408	-
Total	**298 040 962**	**14 101 401**	**5 737 570**	**-**	**317 926 173**	**130 818 906**	**15 632 304**	**-**	**146 451 209**	**171 474 968**

13 PROPERTY, PLANT AND EQUIPMENT

GRAP 17 - Property, Plant and Equipment

The municipality opted to take advantage of the transitional provisons as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not recognise or measure all the Property, Plant and Equipment in accordance with the standard, including the following:

Land;
Property, Plant and Equipment financed by way of finance leases;
Property, Plant and Equipment financed by way of provisions;
Property, Plant and Equipment transferred as a result of the transfer of functions; and
Componentised infrastructure assets.

The municipality is currently in a process of identifying all Property, Plant and Equipment and have it valued in terms of GRAP 17 and it is expected that this process will be completed for inclusion in the 2011 financial statements.The Municipality is in the process of itemizing all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2010. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets, using global historical costs recorded in the accounting records.

The municipality therefore utilised the transitional provision in the following areas:

- Review of useful life of item of PPE recognised in the annual financial statements.
- Review of the depreciation method applied to PPE recognised in the annual financial statements.
- Review of residual values of item of PPE recognised in the annual financial statements.
- Impairment of non-cash generating assets.
- Impairment of cash generating assets.

No assets are pledged as security for loans raised according to loan contracts.
No idle or temporaly idle PPE are being held at the reporting date

APPENDIX A - Unaudited
OUDTSHOORN MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2010

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2009	Correction	Balance at 30 JUNE 2009 Restated	Received during the period	Redeemed written off during the period	Balance at 30 JUNE 2010
ANNUITY LOANS									
Witprop	Prime-0.5%	3028182572	2015/06	1 838 883		1 838 883		(250 063)	1 588 821
Development Bank of SA				52 285 131		52 285 131		(6 178 851)	46 106 280
									-
Urban Infrastructure Project 10608/1	14.00%	10608/1	2017/06	6 847 054		6 847 054		(1 115 983)	5 731 071
Multiple Infrastructure 101096/1	10.41%	101096/1	2024/06	8 877 331		8 877 331		(803 247)	8 074 084
Multiple Infrastructure 101096/2	10.16%	101096/2	2019/12	368 590		368 590		(47 736)	320 854
Electrification 9017	11.00%	9017	2013/12	7 644 494		7 644 494		(2 182 363)	5 462 131
Multiple Infrastructure 101647/1	10.82%	101647/1	2025/12	3 907 895		3 907 895		(236 842)	3 671 053
Multiple Infrastructure 101647/2	10.07%	101647/2	2020/06	1 571 429		1 571 429		(142 857)	1 428 572
Multiple Infrastructure 101647/3	10.07%	101647/3	2015/06	335 520		335 520		(55 920)	279 600
Infrastructure 102003/1	10.59%	102003/1	2025/12	9 552 632		9 552 632		(578 947)	8 973 685
Electricity And Water 102292/1	10.62%	102292/1	2026/06	5 155 418		5 155 418		(303 260)	4 852 158
Electricity And Water 102292/2	10.62%	102292/2	2016/06	2 492 854		2 492 854		(356 122)	2 136 732
Deep Aquifer Hydrogeological 13774	15.67%	13774	2021/06	697 457		697 457		(22 290)	675 167
Infrastructure 102617/1	10.35%	102617/1	2027/06	3 902 738		3 902 738		(216 819)	3 685 919
Infrastructure 102617/2	10.53%	102617/2	2017/06	931 719		931 719		(116 465)	815 254
									-
TOTAL ANNUITY LOANS				**54 124 014**		**54 124 014**		**(6 428 913)**	**47 695 101**
LEASE LIABILITIES									
VW Chico CG 6075	12.01%		2010/01	10 718		10 718		(10 718)	0
VW Chico 1.4 CG 5883	12.01%		2010/01	10 718		10 718		(10 718)	0
Nissan 1400 CG 12885	11.97%		2010/01	9 662		9 662		(9 662)	(0)
Nissan 1400 CG 12934	11.97%		2010/01	8 063		8 063		(8 063)	0
Nissan Hardbody CG 12904	12.00%		2010/01	15 924		15 924		(15 924)	0
Nissan Hardbody CG 12911	12.01%		2010/01	16 826		16 826		(16 826)	0
Nissan UD CG 13784	12.01%		2010/01	29 054		29 054		(29 054)	(0)
Nissan UD CG 13768	12.01%		2010/01	29 054		29 054		(29 054)	(0)
Konica Minolta Fotostaatmasjien	12.19%		2010/07	5 248		5 248		(4 819)	429
Nashua Fotostaatmasjien Model 2090	12.00%		2009/12	34 744		34 744		(34 744)	0
Nashua Fotostaatmasjien AF 1055	11.98%		2009/12	16 483		16 483		(16 483)	(0)
Nashua Copier Model 200IE (Q2866600259)	11.89%		2009/08	1 333		1 333		(1 333)	(0)
Nashua Copier AF 1027/ PT280	12.01%		2009/08	1 460		1 460		(1 460)	0
Nashua Copier IS 200E (Q2857100678)	11.93%		2009/08	1 170		1 170		(1 170)	(0)
Ford Ranger CG 21125	11.97%		2010/06	24 599		24 599		(24 599)	(0)
Ford Ranger CG 21124	11.97%		2010/06	24 599		24 599		(24 599)	(0)
Ford Ranger CG 21130	12.01%		2010/06	22 888		22 888		(22 888)	(0)
Ford Ranger CG 21120	12.01%		2010/06	19 158		19 158		(19 158)	0
Ford Ranger CG 21132	11.98%		2010/06	30 034		30 034		(30 034)	(0)
Ford Ranger CG 21119	12.01%		2010/06	19 158		19 158		(19 158)	0
Ford Ranger CG 21116	11.97%		2010/06	24 599		24 599		(24 599)	(0)
Nissan UD CG 5451	12.00%		2012/01	164 078		164 078		(57 591)	106 487
Nissan UD CG 14571	12.00%		2011/12	111 661		111 661		(40 711)	70 950
Nissan UD CG 14572	12.00%		2011/12	111 661		111 661		(40 711)	70 950
Nissan UD CG 14570	12.00%		2011/12	111 661		111 661		(40 711)	70 950
Nissan Hardbody CG 11957	12.01%		2011/11	68 139		68 139		(25 834)	42 305
Nissan Hardbody CG 11925	12.02%		2011/11	66 366		66 366		(25 159)	41 208
Nissan Hardbody CG 11934	11.98%		2011/11	79 159		79 159		(30 017)	49 142
Nissan Hardbody CG 12476	12.01%		2011/11	91 508		91 508		(34 692)	56 816
Ford Bantam CG 4539	12.00%		2011/11	40 478		40 478		(15 347)	25 131
Opel Corsa Classic CG 8980	11.98%		2011/11	56 305		56 305		(21 350)	34 955
Opel Corsa Classic CG 9957	11.98%		2011/11	56 305		56 305		(21 350)	34 955
Konica Minolta (46017073)	11.91%		2010/07	4 671		4 671		(4 290)	381
Gestetner Model 1502 (H6616900346)	31.22%		2007/07	-		-			-
VW Citi Golf 1.4 Chico CG23237	11.98%		2013/01	58 842		58 842		(13 979)	44 863

APPENDIX A - Unaudited
OUDTSHOORN MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2010

VW Citi Golf 1.4 Chico GC15063	11.98%		2013/01	58 842		58 842		(13 979)	44 863
Isuzu KB 250 LWB Base CG23176	12.01%		2013/01	84 873		84 873		(20 154)	64 719
Isuzu KB 250 LWB Base CG23182	11.99%		2013/01	115 987		115 987		(27 552)	88 435
Isuzu KB 250 LWB Base CG23180	12.00%		2013/01	105 387		105 387		(25 030)	80 357
Nissan UD 40L C/Cab 4.6T B&P/Load 554 GC19999	12.00%		2014/01	193 695		193 695		(33 721)	159 974
Isuzu KB 250 Fleetside (2007) CG24868	12.01%		2014/01	132 665		132 665		(23 089)	109 576
Isuzu KB 250 Fleetside (2007) CG24866	11.99%		2014/01	139 130		139 130		(24 223)	114 907
Isuzu KB 250 Fleetside (2007) CG22357	11.99%		2014/01	136 786		136 786		(23 815)	112 971
VW Citi Golf 1.4i Tenaciti EU2 CG24879	11.99%		2014/01	75 564		75 564		(13 158)	62 406
VW Citi Golf 1.4i Tenaciti EU2 CG24878	11.99%		2014/01	75 564		75 564		(13 158)	62 406
Konica Minolta Fotostaatmasjien Model: C253 (E041002051 (Corporate services-Law)Kontrak 40086009	12.01%		2011/08	46 130		46 130		(19 779)	26 351
Konica Minolta Fotostaatmasjien Model: C253 (E041000249)(Manager- Corporate) Kontrak 40085998(13070628)	12.02%		2011/08	52 472		52 472		(22 537)	29 935
Konica Minolta Fotostaatmasjien Model: C253 (E041002099) (Municipal Manager office-Corporate) Kontrak 49701 (13071384)	12.02%		2011/09	61 744		61 744		(25 404)	36 340
Konica Minolta Fotostaatmasjien Model: C253 (E041002763) (Finances Department - Director Finances) (Kontrak 49701 (13071332)	12.02%		2011/09	54 232		54 232		(22 313)	31 919
Konica Minolta Fotostaatmasjien Model: C253 (E041002080) (HR-Corporate) Kontrak 49701-13071554	12.02%		2011/09	54 232		54 232		(22 313)	31 919
Konica Minolta Fotostaatmasjien Model: C200 (F040000299) (Supply chain-Finance) Kontrak 49701/13072980	12.06%		2011/10	36 352		36 352		(14 343)	22 009
Konica Minolta Fotostaatmasjien Model: C200 (F040001027) (Credit Department-Finance) Kontrak no.40091352	12.00%		2012/02	42 027		42 027		(14 215)	27 812
Isuzu KB 250 Fleetside (2007) CG24867	11.99%		2014/01	133 879		133 879		(23 311)	110 568
PBX TelkomSA	12.00%		2013/03	-	390 057	390 057		(87 580)	302 477
Ford Ranger CG 21118	11.98%		2010/06	-	30 034	30 034		(30 034)	-
Ford Ranger CG 21129	11.98%		2010/06	-	30 034	30 034		(30 034)	-
Ford Ranger CG 21121	12.96%		2010/06	-	23 013	23 013		(23 013)	-
Ford Ranger CG 21131	12.01%		2010/06	-	22 888	22 888		(22 888)	-
Ford Ranger CG 21128	11.98%		2010/06	-	30 034	30 034		(30 034)	-
Opel Zaffira CG 8330	12.01%		2011/11	-	87 549	87 549		(33 191)	54 358
Panasonic Copier DP 180 Serial LGE4XW0085	12.01%		2013/08	-	37 231	37 231		(7 324)	29 907
Panasonic Copier DP 180 Serial IGE4XW00047	12.01%		2013/08	-	37 231	37 231		(7 324)	29 907
Panasonic Copier DP 180 Serial HGE4XW00003	12.01%		2013/08	-	37 231	37 231		(7 324)	29 907
Panasonic Copier DP 180 Serial KGE4XW00060	12.01%		2013/08	-	37 231	37 231		(7 324)	29 907
Panasonic Copier DP 180 Serial DGE4XW00134	12.01%		2013/08	-	37 231	37 231		(7 324)	29 907
Panasonic Copier DP 180 Serial KGE4XW00063	12.01%		2013/08	-	37 231	37 231		(7 324)	29 907
Opel Corsa Utility CG 26463	12.10%		2015/01	-		-	91 600	(5 720)	85 880
Isuzu KB 250 CG 26458	11,99%		2015/01	-		-	139 800	(8 733)	131 067
Isuzu KB 250 CG 26464	11.99%		2015/01	-		-	139 800	(8 733)	131 067
Isuzu KB 250 CG 26451	11.99%		2015/01	-		-	153 514	(9 588)	143 926
Gestetner MPC Serial V22846601018	12.00%		2013/03	-		-	48 070	(4 531)	43 539
						-		-	
Total Lease Liabilities				**2 975 887**	**836 996**	**3 812 883**	**572 784**	**(1 446 926)**	**2 938 741**
TOTAL EXTERNAL LOANS				**57 099 901**	**836 996**	**57 099 901**	**572 784**	**(7 875 839)**	**50 633 842**

APPENDIX C

#REF!

	Cost					Accumulated Depreciation				Carrying
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Value
Engineers	115 428 545	11 529 040	1 775 480	-	128 733 065	53 890 512	6 568 000	-	60 458 512	68 274 553
Operational Manager	124 145	296 250	-	-	420 395	122 535	18 248	-	140 783	279 612
Waste Management	6 590 149	-	-	-	6 590 149	2 626 761	390 084	-	3 016 845	3 573 303
Electricity	57 234 928	3 794 952	-	-	61 029 880	25 957 063	2 831 536	-	28 788 598	32 241 281
Water	39 253 737	1 472 374	6 595 878	-	47 321 989	23 493 511	1 374 268	-	24 867 778	22 454 210
Waste Water - Management	24 208 432	1 329 767	-	-	25 538 199	12 929 161	1 011 884	-	13 941 045	11 597 155
Finance	5 165 589	762 702	-	-	5 928 291	2 896 876	299 483	-	3 196 359	2 731 933
Corporate Manager	19 615 836	1 280 718	-	-	20 896 554	8 146 066	545 525	-	8 691 591	12 204 963
Council And General	4 743 157	22 880	-	-	4 766 037	1 003 661	1 434 736	-	2 438 397	2 327 640
Mun. Manager And Tourism	361 950	-	-	-	361 950	228 878	28 717	-	257 595	104 355
Public Safety	4 565 431	505 436	-	-	5 070 866	2 037 031	205 759	-	2 242 790	2 828 076
Community And Social Service	9 379 886	2 226 091	135 905	-	11 741 883	3 558 670	524 697	-	4 083 367	7 658 516
Housing And Health	1 770 673	351 018	-	-	2 121 691	1 179 770	39 519	-	1 219 289	902 403
Planning And Development	9 498 035	145 056	7 011 311	-	16 654 402	588 151	88 733	-	676 883	15 977 519
Sport And Recreation	24 833 095	911 443		-	25 744 538	10 193 227	1 263 482	-	11 456 709	14 287 828
Klein Karoo Water Scheme	2 090 897	782 162			2 873 059	923 908	401 536		1 325 444	1 547 615
TOTAL	**324 864 484**	**25 409 889**	**15 518 575**	**-**	**365 792 948**	**149 775 779**	**17 026 206**	**-**	**166 801 985**	**198 990 962**

APPENDIX B

#REF!

Oudtshoorn Municipality Analysis of Property Plant and Equipment as at 30 June 2010

	Cost/Revaluation													Accumulated Depreciation						
	Opening Balance Previous Year	Opening Balance	Opening Balance Under Construction	Restatements to Opening Balance	Restatement to Opening Balance Under Construction	Total Restated Opening Balance	Additions	Additions (P/Y Under Construction Completed)	Additions Under Construction	Assets Written off	Closing Balance (excl Under Construction)	Closing Balance Under Construction	Closing Balance (Incl Under Construction)	Opening Balance Previous Year	Restatements to Opening Balance	Total Restated Opening Balance	Additions	Assets Written Off	Closing Balance	Carrying Value
Land and Buildings																				
Land	8 313 424	-		-5 280 796		3 032 627	-		-	-	3 032 627	-	3 032 627	204		204	117	-	321	3 032 306
Buildings	30 966 157	-	970 218	-4 464 944	46 240	27 517 670	1 521 637	19 924	6 014 777	2 633	28 040 141	7 011 311	35 051 452	8 523 679	-1 170 710	7 352 969	1 034 052	2 633	8 384 387	26 667 065
	39 279 580	**-**	**970 218**	**-9 745 741**	**46 240**	**30 550 298**	**1 521 637**	**19 924**	**6 014 777**	**2 633**	**31 072 768**	**7 011 311**	**38 084 079**	**8 523 883**	**-1 170 710**	**7 353 173**	**1 034 168**	**2 633**	**8 384 708**	**29 699 371**
Infrastructure		-																		
Drains	-	-								-			-			-	-	-	-	-
Roads and Streets	107 536 942	-		-29 078		107 507 865	12 768 770		1 775 480	-	120 276 635	1 775 480	122 052 115	50 110 534	27 422	50 137 956	5 995 308	-	56 133 264	65 918 851
Sewerage Mains and Purification	22 640 677	-				22 640 677	1 308 267		-	13 140	23 935 804	-	23 935 804	11 735 492		11 735 492	889 499	1 130	12 623 861	11 311 943
Electricity mains	49 654 298	-	277 540			49 931 838	1 584 112	277 540	-	89 190	51 426 760	-	51 426 760	23 110 730	9 650	23 120 380	2 363 807	64 626	25 419 561	26 007 199
Electricity Peak Load equipment	707 129	-				707 129	653 891		-	61 935	1 299 085	-	1 299 085	374 906		374 906	41 672	53 042	363 536	935 549
Water Mains & Purification	50 749	-				50 749	-		-	-	50 749	-	50 749	21 633		21 633	2 146	-	23 779	26 970
Water Reservoirs	7 259 966	-	2 214 957	-1 339 942	1 501 800	9 636 781	-		1 986 906	-	5 920 024	5 703 663	11 623 687	2 625 896		2 625 896	209 930	-	2 835 825	8 787 862
Water Meters	3 039 399	-				3 039 399	54 540		-	117 318	2 976 621	-	2 976 621	850 375		850 375	126 565	47 654	929 287	2 047 334
Water Mains	34 040 774	-	773 055			34 813 829	985 252		119 160	12 249	35 013 777	892 215	35 905 992	19 719 108	490	19 719 598	1 112 735	4 945	20 827 389	15 078 604
Landfill Sites	315 560	-				315 560	-		-	-	315 560	-	315 560	101 163		101 163	12 698	-	113 861	201 699
	225 245 495	**-**	**3 265 552**	**-1 369 020**	**1 501 800**	**228 643 827**	**17 354 832**	**277 540**	**3 881 546**	**293 832**	**241 215 016**	**8 371 358**	**249 586 374**	**108 649 836**	**37 563**	**108 687 399**	**10 754 361**	**171 396**	**119 270 364**	**130 316 010**
Community Assets																				
Parks and Gardens	2 248 648	-		-70 236		2 178 412	60 505		-	-	2 238 917	-	2 238 917	1 040 653	-32 159	1 008 494	71 492	-	1 079 986	1 158 931
Libraries	4 550 967	-				4 550 967	-		-	-	4 550 967	-	4 550 967	1 592 985		1 592 985	144 639	-	1 737 624	2 813 344
Recreation Grounds	9 966 388	-		-489 995		9 476 393	-		-	-	9 476 393	-	9 476 393	4 055 848	-158 381	3 897 467	470 598	-	4 368 065	5 108 328
Civic Buildings	4 749 421	-		-1 590 000		3 159 421	-		135 905	-	3 159 421	135 905	3 295 326	1 479 417	-954 030	525 388	105 105	-	630 493	2 664 841
	21 515 424	**-**	**-**	**-2 150 231**	**-**	**19 365 193**	**60 505**	**-**	**135 905**	**-**	**19 425 698**	**135 905**	**19 561 604**	**8 168 903**	**-1 144 569**	**7 024 334**	**791 834**	**-**	**7 816 168**	**11 745 444**
Heritage Assets																				
Historical Buildings	2 970	-				2 970	-		-	-	2 970	-	2 970	126		126	99	-	225	2 745
	2 970	**-**	**-**	**-**	**-**	**2 970**	**-**	**-**	**-**	**-**	**2 970**	**-**	**2 970**	**126**	**-**	**126**	**99**	**-**	**225**	**2 745**
Leased Assets																				
Leased Office Assets	6 826 000	-	-	256 200		7 082 200	572 784		-	-	7 654 984	-	7 654 984	3 565 902	42 700	3 608 602	1 403 549	-	5 012 151	2 642 833
	6 826 000	**-**	**-**	**256 200**	**-**	**7 082 200**	**572 784**	**-**	**-**	**-**	**7 654 984**	**-**	**7 654 984**	**3 565 902**	**42 700**	**3 608 602**	**1 403 549**	**-**	**5 012 151**	**2 642 833**
Other Assets																				
Office Equipment	14 508 689	-		-14 120		14 494 569	3 535 039		-	658 604	17 371 005	-	17 371 005	9 074 397	-14 120	9 060 277	1 526 009	569 483	10 016 803	7 354 202
Furniture and Fittings	876 217	-				876 217	169 335		-	151 942	893 609	-	893 609	538 563		538 563	113 250	140 122	511 691	381 919
Bins and Containers	575 927	-				575 927	-		-	-	575 927	-	575 927	483 167		483 167	18 582	-	501 749	74 178
Emergency equipment	1 576 587	-				1 576 587	-		-	4 014	1 572 573	-	1 572 573	929 718		929 718	105 284	3 328	1 031 675	540 898
Motor Vehicles	7 948 938	-				7 948 938	105 000		-	207 795	7 846 143	-	7 846 143	4 959 034		4 959 034	469 459	204 303	5 224 190	2 621 953
Fire Engines	2 148 481	-				2 148 481	466 576		-	-	2 615 057	-	2 615 057	455 618		455 618	100 310	-	555 928	2 059 129
Refuse Tankers	1 265 408	-				1 265 408	-		-	-	1 265 408	-	1 265 408	1 265 408		1 265 408	-	-	1 265 408	-
Water Vehicle	18 442	-				18 442	-		-	18 442	-	-	-	1 523		1 523	-	1 523	-	-
Tools	33 400					33 400					33 400		33 400	3 990		3 990			3 990	29 410
Boreholes							717 579				717 579		717 579				14 749		14 749	702 830
Pump Equipment	59 111					59 111					59 111		59 111	1 080		1 080			1 080	58 031
Computer Equipment	3 284 608	-				3 284 608	460 572		-	344 737	3 400 443	-	3 400 443	2 079 204		2 079 204	357 057	223 596	2 212 665	1 187 778
	32 295 809	**-**	**-**	**-14 120**	**-**	**32 281 689**	**5 454 101**	**-**	**-**	**1 385 535**	**36 350 255**	**-**	**36 350 255**	**19 791 703**	**-14 120**	**19 777 583**	**2 704 701**	**1 142 355**	**21 339 928**	**15 010 327**
Total Property, Plant and Equipment	**325 165 279**	**-**	**4 235 770**	**-13 022 912**	**1 548 040**	**317 926 177**	**24 963 860**	**297 464**	**10 032 229**	**1 682 000**	**335 721 691**	**15 518 575**	**351 240 266**	**148 700 353**	**-2 249 137**	**146 451 217**	**16 688 711**	**1 316 384**	**161 823 544**	**189 416 730**
Investment Properties																				
Investment Properties	-	-		11 939 170		11 939 170	-		-	-	11 939 170		11 939 170		2 372 439	2 372 439	230 242	-	2 602 681	9 336 488
	-	**-**	**-**	**11 939 170**	**-**	**11 939 170**	**-**	**-**	**-**	**-**	**11 939 170**	**-**	**11 939 170**	**-**	**2 372 439**	**2 372 439**	**230 242**	**-**	**2 602 681**	**9 336 488**
Intangible Assets																				
Intangible Assets	2 508 160	-				2 508 160	148 565		-	43 210	2 613 515	-	2 613 515	2 311 717	-	2 311 717	107 254	43 210	2 375 761	237 753
	2 508 160	**-**	**-**	**-**	**-**	**2 508 160**	**148 565**	**-**	**-**	**43 210**	**2 613 515**	**-**	**2 613 515**	**2 311 717**	**-**	**2 311 717**	**107 254**	**43 210**	**2 375 761**	**237 753**
Total	**327 673 438**	**-**	**4 235 770**	**-1 083 742**	**1 548 040**	**332 373 506**	**25 112 425**	**297 464**	**10 032 229**	**1 725 210**	**350 274 375**	**15 518 575**	**365 792 950**	**151 012 070**	**123 303**	**151 135 373**	**17 026 207**	**1 359 594**	**166 801 986**	**198 990 972**

APPENDIX D - Unaudited
OUDTSHOORN MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010
MUNICIPAL VOTES CLASSIFICATION

2009 Actual Income R	2009 Actual Expenditure R	2009 Surplus/ (Deficit) R		2010 Actual Income R	2010 Actual Expenditure R	2010 Surplus/ (Deficit) R
84 916 832	(41 205 590)	43 711 242	Executive & Council	104 018 093	(45 542 012)	58 476 081
-	(31 432 183)	(31 432 183)	Finance & Admin	-	(31 123 532)	(31 123 532)
-	(3 994 440)	(3 994 440)	Planning & Development	-	(6 875 030)	(6 875 030)
6 579 689	(9 257 767)	(2 678 078)	Public Safety	6 017 211	(10 334 785)	(4 317 574)
-	(20 059)	(20 059)	Health	-	-	-
-	(4 753 283)	(4 753 283)	Community & Social Services	-	(9 863 137)	(9 863 137)
1 554 575	(12 730 388)	(11 175 813)	Sport & Recreation	1 836 336	(12 488 808)	(10 652 472)
29 780 921	(30 052 893)	(271 972)	Housing	242 959	(1 931 789)	(1 688 831)
7 561 874	(11 765 869)	(4 203 995)	Waste Management	8 067 118	(11 023 733)	(2 956 615)
(317 398)	(24 915 392)	(25 232 790)	Road Transport	-	(25 915 428)	(25 915 428)
14 095 806	(15 131 311)	(1 035 505)	Waste Water Management	14 386 893	(10 400 997)	3 985 896
10 669 549	(5 159 941)	5 509 608	Klein Karoo Water Scheme	8 954 288	(8 176 595)	777 692
23 675 955	(14 771 373)	8 904 582	Water	25 831 201	(14 486 384)	11 344 817
76 127 778	(53 772 483)	22 355 295	Electricity	97 074 208	(74 043 680)	23 030 527
-	(951 117)	(951 117)	Other	-	(1 302 413)	(1 302 413)
254 645 581	(259 914 089)	(5 268 508)	Sub Total	266 428 306	(263 508 324)	2 919 982
-	-	-	Less Inter-Departmental Charges	-	-	-
254 645 581	(259 914 089)	(5 268 508)	**Total**	266 428 306	(263 508 324)	2 919 982

APPENDIX D - Unaudited

OUDTSHOORN MUNICIPALITY

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010

GENERAL FINANCE STATISTIC CLASSIFICATIONS

2009 Actual Income R	2009 Actual Expenditure R	2009 Surplus/ (Deficit) R		2010 Actual Income R	2010 Actual Expenditure R	2010 Surplus/ (Deficit) R
84 916 832	(41 919 517)	42 997 315	Executive & Council	104 018 093	(41 376 602)	62 641 492
-	(18 091 299)	(18 091 299)	Budget & Treasury	-	(15 841 033)	(15 841 033)
-	(12 626 957)	(12 626 957)	Corporate Services	-	(16 624 844)	(16 624 844)
-	(3 994 440)	(3 994 440)	Planning & Development	-	(6 875 030)	(6 875 030)
-	(20 059)	(20 059)	Health	-	-	-
-	(4 753 283)	(4 753 283)	Community & Social Services	-	(12 686 202)	(12 686 202)
29 780 921	(30 052 893)	(271 972)	Housing	242 959	(1 931 789)	(1 688 831)
6 579 689	(9 674 978)	(3 095 289)	Public Safety	6 017 211	(10 334 785)	(4 317 574)
1 554 575	(12 313 177)	(10 758 602)	Sport & Recreation	1 836 336	(12 488 808)	(10 652 472)
7 561 874	(11 765 869)	(4 203 995)	Waste Management	8 067 118	(11 023 733)	(2 956 615)
14 095 806	(15 211 914)	(1 116 108)	Waste Water Management	14 386 893	(10 400 997)	3 985 896
(317 398)	(24 834 789)	(25 152 187)	Road Transport	-	(25 915 428)	(25 915 428)
10 669 549	(5 159 941)	5 509 608	Klein Karoo Water Scheme	8 954 288	(8 176 595)	777 692
23 675 955	(14 771 373)	8 904 582	Water	25 831 201	(14 486 384)	11 344 817
76 127 778	(53 772 483)	22 355 295	Electricity	97 074 208	(74 043 680)	23 030 527
	(951 117)	(951 117)	Other	-	(1 302 413)	(1 302 413)
254 645 581	(259 914 089)	(5 268 508)	Sub Total	266 428 306	(263 508 324)	2 919 982
-	-	-	Less Inter-Departmental Charges	-	-	-
254 645 581	(259 914 089)	(5 268 508)	**Total**	266 428 306	(263 508 324)	2 919 982

APPENDIX E(1) - Unaudited
OUDTSHOORN MUNICIPALITY
REVENUE AND EXPENDITURE
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2010
MUNICIPAL VOTES CLASSIFICATION

	2010 Actual (R)	2010 Budget (R)	2010 Variance (R)	2010 Variance (%)
REVENUE				
Property Rates	34 389 007	36 530 630	(2 141 623)	-5.86%
Government Grants and Subsidies	62 504 468	69 371 397	(6 866 929)	-9.90%
Public Contributions and Donations	153 157		153 157	100.00%
Fines	2 094 220	3 630 162	(1 535 942)	-42.31%
Service Charges	139 262 636	163 627 516	(24 364 880)	-14.89%
Rental of Facilities and Equipment	1 720 791	408 630	1 312 161	321.11%
Interest Earned - External Investments	6 662 033	5 000 000	1 662 033	33.24%
Interest Earned - Outstanding Debtors	2 364 379	1 490 000	874 379	58.68%
Agency Services	3 608 123	11 900 000	(8 291 877)	-69.68%
Third Party Payments	404 938		404 938	100.00%
Stock Adjustments	2 782		2 782	100.00%
Decrease in Debt impairment	6 729 522		6 729 522	100.00%
Bad Debts Recovered	304 607		304 607	100.00%
Other Revenue	6 227 641	7 142 089	(914 448)	-12.80%
Total Revenue	**266 428 306**	**299 100 424**	**(32 672 118)**	**(11)**
EXPENDITURE				
Executive & Council	(45 542 012)	(52 693 019)	7 151 007	-13.57%
Finance & Admin	(31 123 532)	(31 808 249)	684 717	-2.15%
Planning & Development	(6 875 030)	(7 925 043)	1 050 013	-13.25%
Public Safety	(10 334 785)	(18 850 622)	8 515 837	-45.18%
Community & Social Services	(9 863 137)	(10 096 169)	233 032	-2.31%
Sport & Recreation	(12 488 808)	(13 477 723)	988 915	-7.34%
Housing	(1 931 789)	(14 382 264)	12 450 475	-86.57%
Waste Management	(11 023 733)	(14 784 043)	3 760 310	-25.43%
Road Transport	(25 915 428)	(21 847 982)	(4 067 446)	18.62%
Waste Water Management	(10 400 997)	(11 386 129)	985 132	-8.65%
Klein Karoo Water Scheme	(8 176 595)	(6 291 820)	(1 884 775)	29.96%
Water	(14 486 384)	(15 209 608)	723 224	-4.76%
Electricity	(74 043 680)	(76 685 226)	2 641 546	-3.44%
Other	(1 302 413)	(1 799 286)	496 873	-27.61%
Total Expenditure	**(263 508 324)**	**(297 237 183)**	**33 728 859**	**(11)**
SURPLUS / (DEFICIT) FOR THE YEAR	**2 919 982**	**1 863 241**	**1 056 741**	**57**

APPENDIX E(1) - Unaudited
OUDTSHOORN MUNICIPALITY
REVENUE AND EXPENDITURE
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2010
GENERAL FINANCE STATISTIC CLASSIFICATIONS

	2010 Actual (R)	2010 Budget (R)	2010 Variance (R)	2010 Variance (%)	Explanation of Significant Variances greater than 10% versus Budge
REVENUE					
Property Rates	34 389 007	36 530 630	(2 141 623)	-5.86%	
Government Grants and Subsidies	62 504 468	69 371 397	(6 866 929)	-9.90%	
Public Contributions and Donations	153 157		153 157	100.00%	Previously allocated as Government Grants
Fines	2 094 220	3 630 162	(1 535 942)	-42.31%	Speed camera fines contract lapsed with 3 rd party
Service Charges	139 262 636	163 627 516	(24 364 880)	-14.89%	Compulsory electricity and water restrictions
Rental of Facilities and Equipment	1 720 791	408 630	1 312 161	321.11%	Cango Caves rental not budget as income
Interest Earned - External Investments	6 662 033	5 000 000	1 662 033	33.24%	Interest earned on current account extra
Interest Earned - Outstanding Debtors	2 364 379	1 490 000	874 379	58.68%	Increase in debtors outstanding amounts
Agency Services	3 608 123	11 900 000	(8 291 877)	-69.68%	Expenditure of agency for traffic licences deducted
Third Party Payments	404 938		404 938	100.00%	Accounting adjustments
Stock Adjustments	2 782		2 782	100.00%	Accounting adjustments
Decrease in Debt impairment	6 729 522		6 729 522	100.00%	Accounting adjustments
Bad Debts Recovered	304 607		304 607	100.00%	Accounting adjustments
Other Revenue	6 227 641	7 142 089	(914 448)	-12.80%	
			-		
Total Revenue	**266 428 306**	**299 100 424**	**(32 672 118)**	**(11)**	
EXPENDITURE					
Executive & Council	(41 376 602)	(48 909 075)	7 532 473	-15.40%	Interest on external borrowings less than budgeted
Budget & Treasury	(15 841 033)	(16 806 705)	965 672	-5.75%	
Corporate Services	(16 624 844)	(15 681 923)	(942 921)	6.01%	
Planning & Development	(6 875 030)	(7 925 043)	1 050 013	-13.25%	Operating projects not completed
Community & Social Services	(12 686 202)	(13 199 734)	513 532	-3.89%	
Housing	(1 931 789)	(14 382 264)	12 450 475	-86.57%	Housing project grant not received.
Public Safety	(10 334 785)	(18 850 622)	8 515 837	-45.18%	Agency exp. transferred as a deduction on income
Sport & Recreation	(12 488 808)	(13 477 723)	988 915	-7.34%	
Waste Management	(11 023 733)	(14 784 043)	3 760 310	-25.43%	EPWP grant rolled over to 2010/11
Waste Water Management	(10 400 997)	(11 386 129)	985 132	-8.65%	
Road Transport	(25 915 428)	(21 847 982)	(4 067 446)	18.62%	Maint and repairs capitalized
Klein Karoo Water Scheme	(8 176 595)	(6 291 820)	(1 884 775)	29.96%	Water bulk purchases increase due to drought
Water	(14 486 384)	(15 209 608)	723 224	-4.76%	
Electricity	(74 043 680)	(76 685 226)	2 641 546	-3.44%	
Other	(1 302 413)	(1 799 286)	496 873	-27.61%	Decrease in repairs and maintenance
Less: Interdepartmental Charges	-		-	0.00%	
Total Expenditure	**(263 508 324)**	**(297 237 183)**	**33 728 859**	**(11)**	
SURPLUS / (DEFICIT) FOR THE YEAR	**2 919 982**	**1 863 241**	**1 056 741**	**57**	

APPENDIX E (2) - Unaudited
OUDTSHOORN MUNICIPALITY
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2010
ACGUISITION OF PROPERTY, PLANT AND EQUIPMENT & INTANGABLE ASSETS
MUNICIPAL VOTES CLASSIFICATION

	2010 Actual	2010 Under Construction	2010 Total Additions	2010 Budget	2010 Variance	2010 Variance
	R	R	R	R	R	%
Executive & Council	572 784		572 784		572 784	100.00%
Finance & Admin	1 814 035		1 814 035	1 377 680	436 355	31.67%
Planning & Development	445 684	6 014 777	6 460 461	7 165 450	(704 989)	-9.84%
Public Safety	466 576		466 576	715 000	(248 424)	-34.74%
Community & Social Services	438 710	135 905	574 615	717 270	(142 655)	-19.89%
Sport & Recreation	2 490 633		2 490 633	3 606 007	(1 115 374)	-30.93%
Housing	173 259		173 259	407 122	(233 863)	-57.44%
Waste Management	60 050		60 050	360 000	(299 950)	-83.32%
Road Transport	9 869 988	1 775 480	11 645 468	15 102 796	(3 457 328)	-22.89%
Waste Water Management	4 030 287		4 030 287	4 096 500	(66 213)	-1.62%
Klein Karoo Water Scheme	782 162		782 162	920 000	(137 838)	-14.98%
Water	359 213	2 106 066	2 465 279	4 074 539	(1 609 260)	-39.50%
Electricity	3 556 255		3 556 255	3 948 000	(391 745)	-9.92%
Other	52 790		52 790	77 000	(24 210)	-31.44%
Total	25 112 426	10 032 228	35 144 654	42 567 364	(7 422 710)	-17.44%

APPENDIX E (2) - Unaudited
OUDTSHOORN MUNICIPALITY
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2010
ACGUISITION OF PROPERTY, PLANT AND EQUIPMENT & INTANGABLE ASSETS
GENERAL FINANCE STATISTIC CLASSIFICATIONS

	2010 Actual	2010 Under Construction	2010 Total Additions	2010 Budget	2010 Variance	2010 Variance	Explanation of Significant Variances greater than 5% versus Budget
	R	R	R	R	R	%	
Executive & Council	572 784		572 784		572 784	100.00%	
Budget & Treasury	1 641 753		1 641 753	1 377 680	264 073	19.17%	1
Corporate Services	172 282		172 282		172 282	100.00%	
Planning & Development	445 684	6 014 777	6 460 461	7 165 450	(704 989)	-9.84%	2
Community & Social Services	438 710	135 905	574 615	717 270	(142 655)	-19.89%	3
Housing	173 259		173 259	407 122	(233 863)	-57.44%	4
Public Safety	466 576		466 576	715 000	(248 424)	-34.74%	5
Sport & Recreation	2 490 633		2 490 633	3 606 007	(1 115 374)	-30.93%	6
Waste Management	60 050		60 050	360 000	(299 950)	-83.32%	7
Waste Water Management	4 030 287		4 030 287	4 096 500	(66 213)	-1.62%	
Road Transport	9 869 988	1 775 480	11 645 468	15 102 796	(3 457 328)	-22.89%	8
Klein Karoo Water Scheme	782 162		782 162	920 000	(137 838)	-14.98%	9
Water	359 213	2 106 066	2 465 279	4 074 539	(1 609 260)	-39.50%	10
Electricity	3 556 255		3 556 255	3 948 000	(391 745)	-9.92%	11
Other	52 790		52 790	77 000	(24 210)	-31.44%	12
Total	25 112 426	10 032 228	35 144 654	42 567 364	(7 422 710)	-17.44%	

Explanation of Significant Variances
greater than 5% versus Budget

1	Inventory items-furniture & Equipment for new positions overspent on approved budget.
2	Multipurpose Centre grant from Community services, unspent portion left. CDW-grant included for vehicle, not purchased
3	Upgrading of De Rust Community Hall did not take place in 2009.10
4	Infrastructure Farm van Wykskraal project money was not received from Ground Affairs, therefore project did not start
5	Play Detector was not bought in 2009/10 financial year
6	Includes NLDTF grant for Bridgeton Sport lights, project did not start due to tender processes. Grant was carried over to 2010/11. Tractor was bought, price was less than budge
7	Repair of refuse containers was over budgeted, done out of operating budget.
8	Numerous rehab of streets were carried over to 2010/11 due to tender processes delaying starting of project.
9	Drilling of DL16 project did not take place
10	Included the new Borehole, impact studies still in process therefore project did not fully start
11	Includes Airport Beacon that was over budgeted, actual price below budget
12	Over budgeted for inventory items, did not use budget

ɛted for

APPENDIX F - Unaudited
OUDTSHOORN MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 1 JULY 2009	Correction of error	Restated balance 01-Jul-09	Contributions during the year	Interest on Investments	Other Income and transfers between projects	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 JUNE 2010
UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS	R	R	R	R	R	R	R	R	R
NATIONAL GOVERNMENT									
Equitable Share	0		-	28 293 613			(28 293 613)		-
Department of Water Affairs	0			3 756 750			(3 756 750)		-
Local Government Financial Management Grant	161721		161 721	750 000			(889 375)		22 346
Municipal Systems Improvement Grant	145632		145 632	500 000			(754 570)		(108 938)
MIG - Upgrading Pavements	2815		2 815			(2 815)			(0)
ODN Tip sites - Phase 2	63686		63 686			(63 686)			-
Centrum HIV/AIDS MIG	208869		208 869			(208 869)			0
MIG 06/07	169125		169 125			(169 125)			0
Flood Damage DPLG	3405697	(3 405 697)	0						0
Upgrading of Sportfields	199021		199 021			(199 021)			0
Disaster Relief Funds	1546000		1 546 000						1 546 000
MIG 08/09	1004500		1 004 500			(1 004 500)			-
MIG	(80 655)		(80 655)			80 655			-
SETA	195000		195 000	177 027			(220 289)		151 738
MIG 2009/10	0		-	11 286 000		1 559 849	(1 283 941)	(11 737 440)	(175 532)
Neighbourhood Development Grant (NDPG)			-	4 674 635				(3 519 998)	1 154 637
DME Electrification New Housing Project			-	2 600 000				(518 594)	2 081 406
Extended Public Works Program			-	730 200			(378 035)		352 165
Recovery Plan	-248546		(248 546)			248 546			-
Infrastructure Van Wykskraal			-					(16 262)	(16 262)
									-
PROVINCIAL GOVERNMENT									-
CDW operational support grant	73021		73 021	72 000					145 021
CDW ward based projects grant	90000		90 000						90 000
Library Services	312540	(293 012)	19 528	588 000			(618 328)		(10 800)
ODN Taxi Terminal	498178		498 178						498 178
Bicycle Road / Pedestrian FAS (Prov)	196653		196 653						196 653
Bongolethu Toll Road	14958		14 958						14 958
Multiple Community Centre for the Poor	4444424		4 444 424				(63 675)	(3 839 469)	541 280
Integrating housing settlement grant	1548121	1 246 702	2 794 823	1 365 876			(242 898)		3 917 802
ODN Spatial Development Grant	80000		80 000				(80 000)		-
Housing Consumer Education	0	3 786	3 786	64 700			(4 587)		63 899
Public Transport				100 000			(5 425 112)		(5 325 112)
DISTRICT MUNICIPALITY (EDEN)									-
Financial Software Grant/Donation	30665		30 665						30 665
Rehabilitation of Sewerage works - Eden	858625		858 625						858 625
Human Resources Development	132800		132 800						132 800
LED Strategy	283926		283 926						283 926
Recovery Plan				1 110 079		(248 546)	(861 533)		(0)
Feasability Study Airport				850 000					850 000
Eden DM Storm Water Service	143162		143 162			(69 489)			73 673
									-

APPENDIX F - Unaudited
OUDTSHOORN MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

OTHER (Public Contr.)									-
Section 12 Receipts	111200	(111 200)	-						-
NLDTF Construction 13916	80611	(80 611)	-						-
NLDTF Lottery Bridgton Sport Grounds	211679	(211 679)	-						-
Donation N.A Smit	117303	(117 303)	-						-
Umsobomvo Youth Fund	109940	(109 940)	-						-
Lottery	492000	(492 000)	-						-
									-
Total	**16602671**	**(3 570 953)**	**13 031 718**	**56 918 880**	**-**	**(77 001)**	**(42 872 705)**	**(19 631 763)**	**7 369 129**

UNSPENT PUBLIC GRANTS

NLDTF Construction 13916	0	80611	80611						80 611
NLDTF Lottery Bridgton Sport Grounds	0	211679	211679						211 679
Donation N.A Smit	0	117303	117303						117 303
Umsobomvo Youth Fund	0	109940	109940	125 000			(153 157)		81 783
Lottery	0	492000	492000						492 000
Alpha Aan Den Rijn-Aids program	0		0	257 912					257 912
Klein Karoo Agri- Suikerbult	0		0	60 000					60 000
Section 12 Receipts	0	111200	111200						111 200
	0								-
TOTAL	**0**	**1122733**	**1122733**	**442 912**		**0**	**(153 157)**		**1 412 488**

MIG Funds

- To supplement capital finance for basic municipal infrastructure for poor households, micro enterprises and social institutions
- To provide for new municipal infrastructure and rehabilitation and upgrading of existing ones
- To eradicate the bucket sanitation system mainly in urban townships

Spatial Development Grant

Department of Environmental Affairs and Development Planning
Purpose:
(WCPSDF) and other related spatial planning projects.

MSIG Funds

National Government
Purpose:
- To assist municipalities in building in-house capacity to perform their functions and stabilize institutional and governance systems as required in the Local Government: Municipal Systems Act,

CDW's

Local Government and Housing
Purpose

- To provide financial assistance To municipalities To cover the operational costs pertaining To the functions of the community development workers including the regional coordinators.

Financial Management Grant

National Treasury
- Purpose To promote and support reforms in financial management by building the capacity in municipalities to implement the Municipal Finance Management Act (MFMA)

LGSETA

- For training and Skills development

Masibambani DWAF

National Department of Water Affiars
For the implementation of a water management system

Nasional Electrification Programme

Department of Mineral and energy

rehabilitation and refurbishment of electricity infrastructure in order to improve quality of supply

Housing

Local Government and Housing

Purpose:
- To finance the funding requirements of national housing programmes (excluding recurrent costs recoverable from assets falling under the pre-1994 stock)
convenient and safe access To economic opportunities, health, educational and social amenities.

APPENDIX G
OUDTSHOORN MUNICIPALITY GENERAL EXPENDITURE

ACCOUNTS DELIVERING	240
ADMIN FEE	140720.64
ADMIN RECOVERIES	655525
ADVERTISEMENTS	661468.93
ATRS & CRAFTS CENTRE	27562.23
AUDIT COMMIT REMUNERATION	82144
AUDIT FEES	4299813.86
BANK CHARGES	1368389.21
BASE COURSE	13103.15
BIOMONITERING	4845
BITUMEN PRODUCTS	149306.98
CALENDAR EVENTS	55485.61
CHEMICALS	1092706.69
CIGARETTES	23330.81
CLEANING	4873.58
COMMISSION PAID	1251278.59
COMMUNITY DEV WORKERS (CDW)	359.64
COMPUTER PROGRAMS	18895.18
CONNECTIONS	10381.54
CORPORATE IDENTITY	91413.1
COURIER SERVICES	33537.52
DEPT WATER AFFAIRS - WATER LEVY	84920.14
DEPUTY MAYORAL FUND	21808.55
DOMESTIC EXPENSES	315885.64
ELECTRICITY	6803.21
ELECTRICITY CONNECTIONS	379433.56
EMPLOYEE WELLNESS PROGRAM	265033.63
ENTERTAINMENT	38445.82
FIFA WORLD CUP	224386.05
FULL-TIME TRADE UNION REPRESENTATIVE	104850.4
GENERAL PURCHASES	5093.44
HOUSING AUDIT/ PLAN	196350
ICE CREAM	13147.29
IDP PROGRAM	194054.22
INDIGENT BURIALS	2301.75
INSURANCE	2053728.32
INTERNATIONAL RELATIONS	15609.75
INTERVIEWS	33710.25
INVENTORY ITEMS	804772.63
IRRIGATION WATER	21790.61
LABORATORY TEST	3186.85
LEARNERSHIP SCARE SKILLS	538462.82
LEGAL FEES	2612154.71
LICENCE FEES	189815.19
LOCAL TOURISM BUREAU	470000
MARKETING - KKNK	172807.02
MAYORAL FUND	35086.65
MAYORAL RECEPTION	21910.83
MEDIA EDEN & RAINBOW FMS	51359.64
MEDIA PROGRAMME	34780.27
MEMBERSHIP FEES	417942.88
METERED WATER	125395.31
MUNICIPAL NEWS LETTERS	142553.28
MUNICIPAL YOUTH FORUM	37455.36
NATURAL DISASTER	38798.3
OCCUPATIONAL HEALTH	54142.24
OHANET	125775.25
OPERATING PROJECTS	286224.15

OUTREACH PROGRAMME	65334.7
PARKING SERVICE FEE	584077.59
PERFORMANCE AUDIT COMMIT	16770
PLANT: FUEL & OIL	1145589.25
PLANT: HIRE	47578.41
PLASTIC BAGS	258150.45
POSTAGE	223836.55
PRINTING & STATIONERY	760993.29
PRIVATE USE OF TRANSPORT	1615.11
PROFESSIONAL FEES	114590.41
PROFESSIONAL OFFICIAL DRIVER	550
PROPERTY TAX	82383.77
PROTECTIVE CLOTHING	305172.31
PUBLIC PART PROGRAM	3176.81
QUAL UPGRADE SCHOOL LEAVERS	417842.11
QUALITY ASSURANCE REVIEW	4106.28
RAILWAY FEES	123.94
RECOVERY PLAN	5697440.76
REFRESHMENTS	149477.05
REFUSE REMOVAL - CP NEL MUSEUM	3928.08
REGISTRASION CONGRESS	52222.75
RELOCATION COSTS	57782.11
RENTAL - OFFICE EQUIPMENT	28189.52
RESETTLEMENT & RELIEF	1842.1
RESTAURANT - COOL DRINK	17357.65
RESTAURANT - FOOD	10886.49
S&T STUDIES	8184.16
SERVICE ACC: ELECTRICITY	962790.69
SERVICE ACC: REFUSE	3842.75
SERVICE ACC: WATER	1055.62
SEWERAGE - CP NEL MUSEUM	19261.75
SOCIAL & YOUTH PROGRAMMS	3143.86
SOUP KITCHEN	244175.26
SPACIAL ENVIRONMENTAL ASSESSMENT	32610.63
SPCA	200000
SPEAKER FUND	19340.13
SPEED CAMERA SERVICE FEE	1411791.93
SPORT EQUIPMENT	241.23
SPORTS DEVELOPMENT	767325.09
STOCK & MATERIAL	562696.35
STORMWATER PIPES	6999.33
STRATEGIC PLANNING	88643.64
STUDY ASSISTANCE	39998.65
SUB BASE	39311.32
SUBSISTENCE & TRAVEL	942648.46
SUIKERBUILT MOVEMENT GRAVES	449217.62
SUNDRY EXPENSES	384.18
SURVEY FEES	140862.1
SWEETS	14113.35
TAR STONE	41223.38
TELEPHONE/DATA LINES	2126095.33
TEST FEES	55023.83
TITLE DEED TRANSFERS	28456.69
TOOLS & EQUIPMENT	62330.16
TOURISM DEVELOP PROJECTS	48179.05
TRAINING	757066.21
TRANSIT CAMP SEWAGE	86700
VAT REVIEW	1373805.5
WATER QUALITY INVEST UNPSPENT 08/09	49829.17
WMR CHARGES	302193.7
WREATHS & BOUQUETS	5437.26
YOUTH ADVISORY CENTRE	554655.45
	41626008.59